



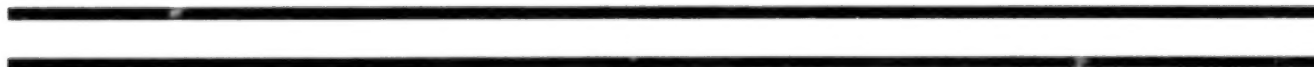
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FBIS-USR-93-021

26 February 1993



# ***CENTRAL EURASIA***



# FBIS Report: Central Eurasia

FBIS-USR-93-021

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### Principals View Renewed Communist Presence

934K0291A Moscow ARGUMENTY I FAKTY  
in Russian No 7, Feb 93 pp 1-2

[Article by ARGUMENTY I FAKTY correspondents A. Uglov, A. Zhankin, R. Morozov, and V. Buldakov: "Will Communists Come to Power?"]

[Text] *A couple of days ago a former Lithuanian communist leader, A. Brazauskas, became the president of Lithuania. This was the first republic of the old USSR where democratic transformations began. It is as though the circle has closed. The old party guard of Russia is celebrating, counting the days until they manage to "take the helm" in Moscow. The party of Communists is rising up out of the ashes. Members of the State Committee for the State of Emergency appear as good angels on the TV screens. Rumors about their imminent death—dear Tatyana Ivanovna Koryagina, after you defended them so zealously—turned out to be greatly exaggerated. They all seem to have gotten younger, and their eyes are sparkling....*

*The democrats have squabbled their way out of their place in the sun, and their ranks are almost in disarray. The economy has not yet entered the market. Under these conditions, will the Communists come to power—the people who two years ago were being cursed in all quarters for the collapse of the economy, the empty stores, the dilapidated, impoverished rural areas, the endless lies—a "five-year plan of quality," the "food program," "acceleration," and so forth, and so on?*

*One could discuss this subject for a long time, but we turned to eminent party members, Russian deputies, and simply passersby. Here is what they told our ARGUMENTY I FAKTY correspondents.*

### COMMUNISTS

**G. Zyuganov.** Many people have a very simplistic view—they have divided everyone into Communists and democrats. But among the Communists there was Gorbachev—he was not a social democrat but a typical, classical, liberal bourgeois, with a spirit that smacks of betrayal on an unprecedented scale. As for coming to power—the ones who do will be those who understand the meaning and essence of Russian statehood. Those who understand that without restoring ties, above all, with Ukraine, Belarus, and Kazakhstan, it will be impossible to launch our monopolized state economy. And power methods will not help. Neither tanks nor automatic rifles can force nuclear reactors and metallurgical and chemical combines to operate.

There have long been two parties in the CPSU [Communist Party of the Soviet Union]. The party of manipulators and traitors and the party of statesmen and patriots. In August 1991 a party of national betrayal came to power. Now the balance of powers is shifting sharply in the other direction.

One of the most orthodox Communists of our time, V. Anpilov, by the way, thinks that Communists cannot and should not return to power. "Communists must expiate their guilt before the people and rally the workers, above all the working class, in the struggle for their basic

interests: the right to work, to free education and medical service, and housing that is accessible to all.

It is the duty and obligation of the Communist to bring workers to power. If the situation in Russia does not change this spring in favor of people of labor, in favor of socialism, the Communist Party will wane, and the most persistent fighters will fall into despair. Those who were previously wavering will immediately fade away, or else they will move over to the camp of the opponents of communism in the hope of finding a cushy job, a soft position, even if it is not a very high one."

**Anatoliy Lukyanov.** The more the present powers impose their destructive experiment in forcible introduction of capitalism on society, the more zealously they will follow the formulas and demands of Western capital in our immense Eurasian country, and the greater the chances the Communists have of standing at the helm of the ship of state, returning it to the path of socialism, equal rights for citizens, and friendship of all nations and nationalities.

**Yegor Ligachev.** The Communists have done a merciless analysis of their past activity and courageously recognized the mistakes and treachery of some of the party leaders headed by Gorbachev. This is a guarantee that they will not allow more deviations. Communists will also be victorious because we have a program for escaping from our impasse.

The localities still maintain solid socialist policies. A resident of Arzamas-16, where I visited recently, said that they have retained little islands of socialism. The task of Communists along with the people is to transform our state into a continent of communism.

**Gennadiy Yanayev.** I am confident that they will come to power. How and when—that is another matter. That depends on whether or not the Communists are able to take advantage of the situation: to "recruit" a large contingent to support their programs, to create an efficient aktiv, and to draw clear conclusions.

During the past three or four years, the party has atrophied, its living conditions have been too comfortable, and that is why it allowed itself to be banned so easily. The economic situation will worsen in the near future, and political forces will be able to manifest themselves fully. The Communists have an excellent chance.

**Former Communist Party leader Valentin Kuptsov,** on the day after the Congress where the main chair was occupied by Comrade Zyuganov, agreed to answer our question, but a couple of days later he had changed his mind. He said simply, "I defended the party for a year and a half and just got kicked around. Read the press."

### THE PEOPLE

**A 45-year-old woman, a former CPSU member, a shop chief:**

I do not believe in any party absolutely. We did not live so badly in the past. We did not know of anything better. Now all the existing parties are fighting only for power, and nobody thinks about the people. Including the Communists.

**An engineer from a Moscow plant, 56 years old, former CPSU member:**

They will never come to power again. All you have to do is look at what they have already managed to accomplish to understand that this should never be repeated.

**Unemployed, 37 years old, never in the CPSU:**

Somehow none of it makes any difference to me. I am so removed from politics.... I never was especially active. The Communist Party, of course, will exist, but it will not come to power.

**A worker, 57, was in the ranks of the CPSU:**

If you are speaking about the old system, I am against it. But there is something like the Chinese model of socialism; that would be right for us.

**A former secretary of a plant party organization, 63:**

I feel negative about the possibility of their coming to power—I am not afraid for myself, I am terrified for my grandchildren. They cannot bring anything but evil. Their entire history is nothing but terror, camps, and jails. But they could come to power. They are extremely active, while the democrats are behaving extremely passively.

**A retired military servicemen, a member of the CPSU until 1987:**

Today there are no leaders among them who would really think about the simple people and Communists. They think only about themselves. There used to be honest people among them, of course, but now there are hardly any. Communism, socialism—that is all a part of the past.

**POLITICAL SCIENTIST**

**Igor Klyamkin.** The return of Communists to power is not realistic in the foreseeable future. The fact is that the sum of political ideas they are advancing, even with the most optimistic calculations, are shared by no more than 15 percent of the population. I obtained these figures during the course of a sociological study conducted by the "Public Opinion" fund. A large share of them are people of older age groups (over 45) with a low educational level. With this kind of social base it is hardly possible to make a claim to power, at least if one is speaking about coming to power through general elections.

**DEPUTY**

We went to the Russian deputy **Yegor Shugayev**. Like many of us, he is a former member of the CPSU. But he left the "ranks" in 1989, when the rotting CPSU was already exuding quite a stench, and hopes of "freshening it up" had evaporated.

Communists today are openly at each other's throats—that is competition. But when this starts to happen in one party, as a rule, it splits apart and is never reunited. Second, let me paraphrase the complaints of **Sazha Umalatova** (I recently heard her in an interview on Radio Liberty). Here is the essence of them: "While we have been fighting in the underground with today's

democrats, many former party apparatchiks have scattered through the bushes and engaged in commercial activity. But now that we are 'tolerated,' it is as though they are coming out the woodwork and demanding positions for themselves." There is some truth in these words. It is mainly ineffectual former party apparatchiks who have participated in all the recent party congresses. It seems that those who were "successful" have gotten along well in business—they have no time for these semi-underground congresses. But the others keep hanging around like stink on shit and divert themselves with politics. They simply have nothing else to do.

[ARGUMENTY I FAKTY] Mr. Shugayev, intentionally or not, with your words you insult people who have been at the front and fought under the banner "for the party."

[Shugayev] People who fought at the front, even those who befuddled by Stalinist propaganda, make me feel proud. But those who stood above them and capitalized on another's heroism—I despise these people. At a time when millions were impoverished and experiencing the postwar indigence, the party elite were stuffing themselves with food and drink. They entertained themselves with mistresses, movie actresses, trips abroad, and hunting. Now the way the party elite lived is well known. And the party, rallied under the banner of statehood, was actually not even a party as such. And this was corroborated, incidentally, by the Constitutional Court. So there can be no return of this party, which represented the state.

Only now are real parties appearing in our country. Even if they are small, even if they consist of only one or two people, they carry some particular view and a readiness for dialogue and debate. That is, any party must have first of all a spiritual foundation. It is a group of people joined together by common interests and views, and not just by the greedy struggle for power no matter what. Parties serve to make sure that a multitude of ideas are cooking in the public pot.

But at the primitive level: Communists—what are they? Everything is communist—everything around is mine, everything around is the state's, everything around is nobody's—we have already had that. Thank God, even after 75 years they did not manage to bring the people to their knees, so that they would suddenly cease to be concerned about their families, about their children.

[ARGUMENTY I FAKTY] You, Mr. Shugayev, are also philosophizing, however. Time generates its own heroes and, how do you know, maybe in Ulyanovsk in a teacher's family a curly-headed kid is growing up....

[Shugayev] But was he curly-headed?

[ARGUMENTY I FAKTY] Well, he was not born with that bald spot, but anyway?

If there is no strong idea, there will be no leader, either. The society had the strong idea of crushing the empire of the Soviet Union, Yeltsin appeared, and democracy came to power. But Yeltsin is not the final figure either. Well, what strong idea did the Communists have—the struggle for the good of the working man, as they say?

That is as "phony" as it can be. We have already seen that behind this slogan there was real exploitation of the worker and the kolkhoz worker. So in the final analysis they now have a desire to restore their power through deception, using the name of the people.

#### THE PRESIDENT

We can end today's conversation where we began it—in Lithuania the new president is A. Brazauskas—the former first secretary of the Communist Party Central Committee. But here is what he told an ARGUMENTY I FAKTY correspondent:

There are no Communists in Lithuania at the present time. Even during the years of the rule of the communist regime, from my observations, in the Communist Party of Lithuania only three percent were ideological Communists, and for the rest being in the party was something forced on them as a means of participating in state structures for a professional career.

Among party members of that time, there were very many real patriots, for whom the country's independence was the main purpose of their lives.

Communist ideas have no support in Lithuania today. And if in the parliamentary and presidential elections the majority of Lithuanian voters voted for us, that is one more piece of evidence that we are not what they call us out of inertia.

The Democratic Labor Party is a party of the social democratic direction. And I repeat once again: Forget about Communists in Lithuania for now.

After the Communist Party of Lithuania withdrew from the CPSU (that was the first precedent) the part that remained faithful to the ephemeral theories participated in an attempt at a coup d'état, and after that they emigrated from Lithuania.

It is impossible to call the Democratic Labor Party communist, if only because in the sphere of the economy it has a market program, but with social guidelines, and the market is incompatible with the communist idea.

#### Russo-Ukrainian Relations Seen as Improving

934K0153A Moscow DELOVOY MIR in Russian  
20 Jan 93 p 1

[Article by Boris Krotkov, DELOVOY MIR columnist: "Russia-Ukraine: Meeting Halfway"]

[Text] After the USSR fell apart in December 1991, mostly at the initiative of Russia and Ukraine, relations between these two now independent states began to deteriorate disastrously. This grievous process was started by the quarrel over the Black Sea Fleet, then there was mention in Russia of the Crimea, which for some reason Khrushchev presented to Kiev, and later disagreements started to grow like a snowball rolling down a mountain. Today they can be grouped into three components.

The economic component. This includes the problem of the foreign debt and the property of the former USSR (Ukraine is ready to pay its share of the debt, but in exchange it is

demanding a substantial share of Soviet property abroad; Russia considers the division technically impracticable, and therefore is prepared to assume Ukrainian debts also); the problem of Western assistance (Ukraine is demanding part of the credits granted by the West to the former USSR; this concerns both humanitarian assistance and also that for the construction of housing for servicemen); the problem of nonpayments between the enterprises of both countries (according to information from the Ukrainian side, Russian enterprises owe their partners in Ukraine 426 billion rubles [R]); the problem of communications (Ukraine is demanding payment for each tonne of oil and cubic meter of gas going to the West from Russia across its territory; Russia considers these requirements excessive); the problem of oil deliveries (Ukraine insists on receiving 45 million tonnes of oil this year, and Russia is prepared to deliver a maximum of one-fourth this volume).

The military component. It is necessary to talk about this second component in greater detail, while the story concerning the division of the Black Sea Fleet is still fresh in many minds (it took place in a very scandalous way; fortunately, the sides came to an agreement to freeze the question until 1995.) This is a problem of reducing nuclear weapons. The fact is that, although Ukraine declared that it does not intend to be a nuclear power, it still has not ratified the START I Treaty and the Lisbon protocol to it on nonproliferation of nuclear weapons. In its words, it is prepared to do so, but demands in exchange the implementation of three commitments: Guarantees on the part of the nuclear powers, subsidies of its process of dismantling the missiles that are located on its territory, and indemnification for the contents of warheads being exported for destruction in Russia. Kiev says: The uranium or plutonium filling extracted from the warheads can be sold for big money that is useful to Ukraine itself.

The political component. Its basis is the problem of borders and the evolution of the CIS. Kiev thinks, and probably not without grounds, that many influential politicians in Moscow may at any moment raise claims to areas of the Crimea, Donbass, and South Ukraine. As for the CIS, Ukraine is not really concealing its opinion that it sees no sense in the existence of the CIS, especially its transformation into a kind of confederation of states. In Kravchuk's opinion, as before, Russia dominates the CIS, "which is absolutely unacceptable for Ukraine."

These are the intricacies of the contradictions that have developed during the last year in Russian-Ukrainian relations. In practice, they have almost led to a full break in economic relations, which has reflected catastrophically on the state of the national economy of both countries. There are various reasons for the contradictions, both objective and subjective. It is generally known, for example, that there is much to be desired in relations between the two presidents. In this respect, Kravchuk said one day: "Boris Nikolayevich is outwardly impregnable, but I am not trying to make a breach in the wall at any level. And I support adequate relations..."

However, it seems that last week a successful breach was made in Russian-Ukrainian relations. In Moscow, after



several postponements, two high-level meetings were held. On Thursday, Premiers Viktor Chernomyrdin and Leonid Kuchma met, and on Friday, Presidents Boris Yeltsin and Leonid Kravchuk. Many questions of interest to both sides were discussed. Positive decisions were reached on some of them, others were sent for additional work, but with favorable prospects.

Speaking of the negotiations of the presidents, in my opinion, it should be first noted that the sides in the end recognized that the disruption in economic ties between the Russian and Ukrainian economies was unwarranted. The presidents also came to an agreement to issue instructions to settle all questions on the assets and liabilities of the former USSR in a month's time. Concerning military questions, the president of Ukraine confirmed the resolve to ratify the Start I Treaty and the Lisbon Protocol and to undertake new measures to ensure the nuclear-free status of the Ukrainian state. In this connection, President Yeltsin announced Russia's readiness to give Ukraine security guarantees. The sides agreed to maintain the current system of inspection over the operation of missile complexes of the strategic nuclear forces, and they instructed the appropriate organizations to begin negotiations immediately for the purpose of resolving all questions concerning the dismantling of missiles located on Ukrainian territory and compensation for the content of warheads. Specialists were directed to examine the question of the processing of nuclear components for their use as fuel for Ukrainian AES's [nuclear power stations]. The presidents also resolved the question of the appointment of the commander of the Black Sea Fleet. It is Vice Admiral E. Baltin. The presidents were unable to reach agreement on the delivery of oil in amounts necessary to Ukraine. Experts believe that Russia will be able to deliver not more than 15 million tonnes of oil to Ukraine in 1993 in a centralized way. True, it was decided to try to reopen some wells in Siberia, with the participation of Ukraine, with the idea that all of the oil acquired there would be turned over to Ukrainian industries.

Naturally the CIS question was also discussed by the presidents. In this connection, Kravchuk said that Ukraine does not intend to leave the Commonwealth, but that it will not sign the draft CIS charter in Minsk on 22 January because "Ukrainian legislation does not provide for the possibility of the existence of any other kind of laws on the territory of Ukraine that are of a mandatory nature." Finally, it was agreed that preparations would begin in the near future on the preparation of a comprehensive treaty of friendship, cooperation, and partnership between Russia and Ukraine.

Thus, changes for the better were noted in relations between Russia and Ukraine. I emphasize: They were noted, nothing more. It will be possible to talk about the feasibility of the changes only when they are corroborated by business people from both countries, and after they indicate that a restoration process is starting in Russo-Ukrainian economic ties.

### **Birshteyn Financial Dealings, Post-USSR Involvements Examined**

934K0216A Moscow KOMSOMOLSKAYA PRAVDA  
in Russian 5 Feb 93 p 2

[Article by S. Pluzhnikov, S. Sokolov, and K. Bayalinov: "Golden Adviser to Presidents. Previously, He Was Patronized by Highly Placed Officials of the USSR, And Now He Is by the Leaders of Sovereign Republics. Is His Assistance All That Selfless?"]

[Text] Precisely one year ago, in the article "How the KGB Settled Scores With the CPSU," we discussed the officers of state security Veselovskiy and Davidenko, who were planted on the staff of the CPSU Central Committee at the end of 1990 in order to take care of illegal party business. At the time, the party was not only facing the most serious political crisis in its entire existence, but it also had become actually bankrupt. The main task of the KGB officers was to extricate the CPSU from an economic dead end: The party could regain its erstwhile power only by reinforcing its financial might. It is just that Veselovskiy, along with some prominent figures on the CPSU Central Committee, lacked the time, the intelligence, and, perhaps, the particular desire to invest the billions of the party advantageously and to multiply them, using the experience of Western "friendly companies." Does it make sense to revisit this again?

What do you think helped the businessman Armand Hammer "kick open with his foot" the doors to the Kremlin offices of all general secretaries? It was a pass to the Kremlin, issued to Hammer by Lenin, in his time, which Hammer also used during his last visit to Moscow. This is not funny. A regular scrap of paper played a significant role in Hammer's multi-billion business dealings in the country of the Bolsheviks.

Hammer has died, but his cause lives on. And it attracts new followers, too.

### **Loyal to Hammer's Bequests**

Leonid Veselovskiy mentioned the SEABECO company in a report on the work done at the Administration of Affairs of the CPSU Central Committee: "In view of the explosive situation in Kemerovo, I used foreign companies which agreed to take extraordinary measures to furnish foodstuffs and medicines for the region. In particular, the Swiss-Canadian company SEABECO Group was used, which agreed to develop a plan for the comprehensive development of the region.... The oblast received foodstuffs worth more than 25 million rubles [R] from SEABECO alone."

What were the true reasons for this very broad-scale charitable act? Naturally, Veselovskiy's report breathes not a word about it. We tried to find this out. To begin with, here is what the SEABECO company and its chairman, Boris Birshteyn, stand for.

**FROM THE FILES OF KOMSOMOLSKAYA PRAVDA:** Boris Birshteyn was born on 11 November 1947 in Vilnius. He lived in the Soviet Union until 1979. He studied law at the University of Vilnius. From 1972 on,

he headed a textile enterprise in Vilnius. Later, he emigrated to Canada, through Israel. In Jerusalem, he founded the trading company BODA Trading. Birshteyn's partners subsequently went under.

In 1982, Birshteyn founded the SEABECO company in Switzerland. As far as is known, Birshteyn switched from one set of business relationships to another, and incurred large debts.

Judging by the available information about Birshteyn's business, he has always tried to use people who are influential in government circles in his commercial interests. Birshteyn could not leave out the USSR, a country in which only politicians handled large transactions exclusively.

It is hard to say under what circumstances the paths of Birshteyn and Veselovskiy crossed. However, through Veselovskiy, the head of SEABECO subsequently became acquainted with Gennadiy Yanayev, with whom the KGB officer had worked for a period of time at the Central Committee of the All-Union Communist Youth League. After making this acquaintance, Birshteyn's business in the USSR took off.

Birshteyn gradually switched from delivering Molson beer, in cans, to the USSR, to major transactions with organizations such as Mashinpromimport, Promsyreimport, and Vneshposyltorg. The Soviet side spent more than 150 million foreign-exchange rubles to this end.

It would take too much time to enumerate all SEABECO projects, most of which are unfinished. It is worthwhile to note the most interesting ones.

In 1985, Birshteyn purchased diamonds worth more than \$200,000 from the USSR Bank for Foreign Trade. The KRU [Control and Auditing Administration] of the USSR Bank for Foreign Economic Relations later described these transactions as having inflicted losses on the state.

It is also known that, in 1985, the Directorate of Commercial Operations of the USSR Bank for Foreign Trade sold to SEABECO 290,000 troy ounces of gold. The next year, Birshteyn was engaged in negotiations on acquiring \$120 million worth of gold, with the confidentiality of transactions maintained mandatorily; international gold markets were to be bypassed, and considerable preferences for brokerage services were to be granted. However, judging by documents, he was only able to purchase 64,000 troy ounces. In 1987, negotiations with SEABECO were held concerning the establishment of an entire gold-producing joint venture at a Soviet deposit.

After Veselovskiy was planted in the Administration of Affairs of the CPSU Central Committee, Birshteyn began to enjoy the favor of the Administrator of Affairs of the Central Committee, Nikolay Kruchina. This is what Arkadiy Volskiy said about this in one of his post-putsch interviews: "Veselovskiy showed up in my office, accompanied by Birshteyn, a major big wheel. The latter enjoyed the special favor of the CPSU leadership: He lived in a mansion for foreign heads of state on Lenin Hills. At the time, they came with some dubious

commercial idea. We showed them out. I told Kruchina not to refer such types to us...."

However, not everyone responded to Veselovskiy's and Birshteyn's visits in this manner.

In March 1991, Veselovskiy wrote an official memorandum to a member of the State Council of the USSR President, in which he sought the following:

"....I would consider it feasible to review the question of a one-time sale of 20 tonnes of gold in physical form to Swiss banks, through the SEABECO company, in order to generate freely convertible currency....while at the same time resolving to sign a long-term contract with said company for the sale of the necessary amount of raw-material resources....this will make it possible to obtain guarantees from Swiss banks for preferential credit in the amount of \$2 billion to \$3 billion. Canada, the United States, Israel, and Taiwan may act as probable creditors. Credit may be paid back in deliveries of raw material goods....worth more than \$5 billion...."

Subsequently, S. Sitaryan, a deputy of Prime Minister Nikolay Ryzhkov, prepared a government assignment of the USSR Council of Ministers (PP-8476 "S") to hold negotiations with the Bank for Foreign Economic Relations concerning the sale of 20 tonnes of gold to the SEABECO company. However, "the USSR Bank for Foreign Economic Relations, with a notation by Comrade K.F. Katushev—they turned it down,"—and the transaction fizzled.

A contract which Veselovskiy passed over in silence in his report could have become yet another of Birshteyn's extremely fortuitous transactions in the USSR. On 21 May 1991, Viktor Mikhaylov, then still a deputy minister of nuclear power and industry of the USSR, and Birshteyn were supposed to sign a contract of intent. The essence of the transaction was: Birshteyn undertook brokerage functions and the delivery of a shipment of spent nuclear fuel (the maximum background readings between 300 and 1,200 microroentgens per hour, net weight 500,000 kilograms) to the seaports of the USSR (cities of Tallinn and Murmansk). The Ministry of Nuclear Energy and Industry was supposed to ensure the transportation of the cargo on the territory of the USSR, its processing, and subsequent burial at the storage sites of Krasnoyarsk-26. The work was supposed to be paid for in foreign exchange. According to prices at the time, this transaction was worth a sum exceeding \$1 billion.

The putsch deprived Birshteyn of connections in the CPSU Central Committee. From a Kremlin office, Yanayev was sent to a prison cell at Sailor's Rest. Kruchina committed suicide. It appeared that SEABECO, along with many of the 600 party companies inside the country and more than 300 "friendly companies" abroad, should have run into serious financial difficulties and discontinued its operations on the territory of one-sixth of the land mass of the world. This indeed happened to many party companies, but by no means to SEABECO.

#### How the "Mountain" Came to SEABECO

Kyrgyzstan resembles Switzerland, and not only in terms of landscape or mountain climate. Both states are rich in

gold. To be sure, in Switzerland it is kept in banks, and in Kyrgyzstan, it is found as a mineral.

**FROM THE FILES OF KOMSOMOLSKAYA PRAVDA:** There already are prospected deposits in Kyrgyzstan: Taldy—80 tonnes (200 tonnes probable), Makmal—60 tonnes, Chatkal—150 tonnes. There are about 30 of them in all.

Kumtor is the largest deposit of Kyrgyz gold; it was prospected in 1985 and 1986. It is located high up in the mountains (3,500 meters above sea level), in direct proximity to the lake of Issyk-Kul. Kumtor ranks third in terms of gold reserves among the primary (ore) deposits of the CIS, and seventh in the world. Soviet and American specialists appraised these reserves at \$5.5 billion.

Western businessmen dubbed Kumtor the "Golden Mountain." For more than three years now, dozens of large foreign companies have been fighting for the right to develop it jointly.

SEABECO representatives appeared in Kirghizia in the summer of 1991; their initial meetings with the supreme leadership of the republic were held at that time. Boris Birshteyn did not conceal that he was primarily attracted to the republic by the gold-producing industry. He said many times that he was prepared to transact business with the greatest benefit for the republic, while not ignoring the profits of his company. At first, Sanzhar Aytmatov became the middleman in establishing business and personal contacts between Birshteyn and the leaders of the Kirghiz Government. Subsequently, Leonid Levitin (his son is currently employed by SEABECO—note by S. Pluzhnikov, S. Sokolov, and K. Bayalinov) and Askar Sarygulov, advisers to the president, joined Aytmatov in this role.

In October 1991, the KYRGYZSTAN-SEABECO state-private company was established by an edict of President Askar Akayev. Boris Birshteyn was later given the position of the chairman of the Committee for the Reconstruction and Development of Kyrgyzstan. Leonid Levitin, Askar Sarygulov, and leaders of almost all the oblasts of Kyrgyzstan, as well as key employees of SEABECO, became members of the committee.

At the same time, yet again by a pertinent edict of the president, the "powers of trade representatives of the Republic of Kyrgyzstan in foreign states..." were assigned to Birshteyn, as well as SEABECO Vice President Zeyn Alpert [name as transliterated].

The office of the vice president of Kyrgyzstan was vacated to make room for Birshteyn's office. The head of SEABECO was also authorized to stay at any time at the government residence, located in the area of Chon-Aryk, in the vicinity of Bishkek, where, by tradition, only politicians not below the level of head of state had vacationed previously.

First of all, Birshteyn and his economic adviser Charles MacMillan were instructed to develop a concept for the economic development of Kyrgyzstan, which they did

quite quickly. To be sure, their concept was very much like the economic program of the Kyrgyz Academy Member Turar Koychuyev.

Prime Minister Nasirdin Isanov, an economic manager with a long tenure, also came to believe in SEABECO. He enthusiastically embarked on the "cause of reconstruction." However, in late 1991, during a trip to Dzalal-Abad Oblast, he was involved in an auto accident together with Birshteyn. Birshteyn, his bodyguard, and driver survived. Isanov died.

In January 1992, Tursunbek Chyngyshev became prime minister of the republic. For many years, Chyngyshev worked for the Central Committee of the Communist Party of Kirghizia; at one time, he headed the socioeconomic department of the committee.

The attitude of the government toward Birshteyn did not change; it even improved. Switzerland became the first foreign country to which the new prime minister paid a business visit, to be sure, unofficial, one month after his confirmation. Chyngyshev took part in negotiations concerning the extension of credit amounting to several dozen million dollars to Kyrgyzstan. Credit could only be obtained on the following conditions: A certain quantity of gold bars had to be deposited at the interested bank, and a considerable percentage had to be paid to SEABECO for brokerage services (according to some data, about 20 percent), which, by all signs, was done. The gold was transported from Kyrgyzstan to Switzerland by air, aboard planes belonging to SEABECO.

Can this transaction be considered normal, given that the entire foreign-exchange state budget of Kirghizia amounted to a mere \$16,000 as recently as the summer of 1991? However, the government has already made its choice. In the process, they shared with SEABECO, apparently out of gratitude, more than just a considerable portion of the Swiss credit, which the Kyrgyz side will have to repay in full. On 24 March 1992, the "Kyrgyzstan-SEABECO" corporation was exempted from "the payment of profit taxes contributed to the republic budget in 1992 and 1993" by a directive of the government.

A reciprocal sign of gratitude was not long in coming. In the spring of last year, several volvos were added to the government garage. Supreme officials of the State of Kyrgyzstan received foreign vehicles as official cars.

A scandal broke out at the December session of the Supreme Soviet of Kyrgyzstan because of a transaction which was zealously kept secret. Deputy Turdakun Usubaliyev, who in the past headed the Communist Party of Kirghizia for almost a quarter of a century, stated that 16,266 kilograms of pure gold bars had been produced by the Makmal Gold Ore Combine from its start-up until September 1992. The gold became the property of Kyrgyzstan. President Askar Akayev, who spoke next, confirmed only that two tonnes were located at Swiss banks. The fate of the remainder of Kyrgyzstan's gold reserve could not be clarified. The parliament was also left unaware of whether the Swiss credit had reached Kyrgyzstan or not.



However, this entire foreign credit racket appears as child's play compared to a contract for the joint development of Kumtor, which will be signed by the Kirghiz Government very shortly.

A tender was announced to determine a foreign participant in the joint development of Kumtor. The Kirghiz Government preferred the Cameco company.

**FROM THE FILES OF KOMSOMOLSKAYA PRAVDA:** The Canadian company Cameco (Cameco [English spelling given in the original]) is one of the largest uranium-processing companies. In mid-1992, it experienced serious financial difficulties. Cameco suffered considerable losses because of a sharp drop in uranium prices. However, from July on, the economic health of Cameco began to improve, and its stock went up.

It is known that last year, a considerable personnel reshuffle occurred in the spheres of gold mining, uranium processing, and foreign trade operations in Kyrgyzstan within mere months.

However, some things did not proceed smoothly. Unexpectedly for all, the new director of Kyrgyzzoloto, Dastan Sarygulov, made a presentation at a session of the parliament: "The Kumtor agreement was worked out within a very narrow circle.... In keeping with an agreement signed in Toronto, Kyrgyzstan is due only \$45 million as a concession fee...." Sarygulov proposed to refrain from ratifying the Canadian agreement, and to continue negotiations concerning Kumtor with other companies, in particular, the British RTZ, whose capital comes to \$6.5 billion.

However, a few days later, Dastan Sarygulov actually gave up his view as voiced in the parliament. Yet, the scandal in the parliament compelled Prime Minister Chyngyshev to acknowledge in the press that, under the agreement, gold produced at Kumtor will be distributed between Kyrgyzstan and Cameco in a proportion of 67 to 33.

This is what Joseph Kliger [name as transliterated], vice president of the Graynberg [name as transliterated] company and a representative of a large consortium of American and English companies, stated in this regard in the local press: "We proposed more advantageous terms to the government: Eighty percent to Kyrgyzstan, and 20 percent to the consortium. Three months of silence on the part of the Kyrgyz Government puzzled us.... The bidding was held for show, and was stacked toward a particular person to whom all trump cards had been issued in advance... the companies which hustle the most in your country, so-called middlemen, are involved in an unseemly business. Having collected their percentage, they are not responsible for anything..."

SEABECO acted as a middleman in the Kumtor transaction.

Even if Cameco's aspiration to develop Kumtor does not turn out to be mere bluffing, the purpose of which is to boost the growth of its stock quotations, "Golden Mountain" will most likely give birth to a mouse. However, this is not the greatest danger posed by the project: Its

implementation free of control, primarily on the part of the parliament, may bring about an economic disaster.

Issyk-Kul Lake lies next to Kumtor. To fully secure Issyk-Kul, it will be necessary to ship hundreds of thousands of tonnes of poisonous wastes several hundred kilometers away from the deposit (by a so far nonexistent road at high altitudes in the mountains). What kind of funding will be necessary in order to secure and commission the unique Kumtor?

Meanwhile, the leadership of the republic continues to criss-cross the world, signing uncounted letters of intent. Bishkek is rife with rumors about the foreign-exchange accounts of the leaders of the Kyrgyz economy at foreign banks. The children of the new Kyrgyz nomenklatura no longer prefer to study in Moscow, but rather in Turkey and Switzerland. The construction of luxurious villas in the settlement Kirghizia-1 is on the rise....

#### Birshteyn Bets on "Red"

If only Kyrgyzstan were all there were to it. No sooner had we wrapped up the previous story than we learned new details about the operations of the ubiquitous Boris Birshteyn in Moldova and Ukraine. The head of SEABECO has replicated his Moscow-Kyrgyz scenario to the letter, everywhere.

As it turns out, in Moldova Birshteyn heads the Economic Council of the president of the republic.

Just as in Bishkek, he is afforded truly royal treatment in Chisinau. On occasion, the minister of internal affairs of the republic has personally met Birshteyn at the ladder of his plane.

As has been the case before, Birshteyn has paid special attention in Moldova to "selecting and assigning personnel." For example, as recently as two weeks ago, a new president was installed at the SEABECO-Moldova company. He is Artur German, son-in-law of President of Moldova Mircea Snegur, and by now the former first deputy minister of foreign economic relations of the republic. At present, a SEABECO pin with two diamonds glitters in German's lapel. The new salary of the president's son-in-law "glitters" just as much. It is said that he makes about \$10,000 a month.

Mihai Gimpu, acting [chairman of] the Commission for Legal Issues of the Parliament of Moldova, told us: "The selection of Artur German to this position sheds light on who initiated the adoption of an illegal decree of the government 'On the Creation of the SEABECO-MOLDOVA Joint-Stock Company,' under which the most luxurious hotel in Chisinau (in the past, a party hotel) was transferred to this company as its property. More than \$4 million has been spent to restore the hotel, and not out of the SEABECO budget at all.

"In all of this, the share of SEABECO in the charter fund of the joint-stock company came to 65 percent, and the share of the State Chancery of the Republic of Moldova Government—as little as 35 percent. In addition to this distribution of profit shares, which is robbery of the

state, the government decree authorized SEABECO to open a foreign-exchange casino at the hotel, and exempted the company from the payment of taxes, duties, and imposts of all types."

Mihai Gimpu went on to say: "I am also concerned about the ease with which B. Birshteyn, in the company of police escorts, always bypasses customs inspection at the airport. This is all the more alarming because I have learned recently that a certain company is planning to bury nuclear waste on the territory of Moldova, presumably in Krikovskiye Caverns, which are many kilometers long, in the vicinity of Chisinau."

Indeed, are politics and business getting too closely intertwined? Are such intimate, shadowy relations not too costly for the state? Birshteyn and the leadership of the CPSU Central Committee; Birshteyn and the Government of Kyrgyzstan; SEABECO and the supreme leaders of Moldova.

Furthermore: Birshteyn as the organizer of a trip by a deputy prime minister and two ministers of Ukraine to Switzerland; Birshteyn as the organizer of a meeting between President of Moldova Mircea Snegur and Vice President of Russia Aleksandr Rutskoy in Chisinau....

#### **Refugee Problem Requires National-level Program**

934E0115A Moscow DELOVOY MIR in Russian  
10 Feb 93 p 1

[Article by Leonid Shirokov: "They Have Fled to Their Motherland...: A Timely Topic"]

[Text] More than a million persons have recently moved to Russia and resettled there. And if we were to choose franker and tougher verbs, we would say that they were simply squeezed out, pushed out of their former places of residence by a number of social, economic, and even political factors. Moreover, we must take into consideration the fact that this process is continuing to snowball..

Let's bear in mind that about another 25 million Russians or Russian-speaking people could well turn out to be refugees. From the fires of various national republics in the CIS, the Baltic region, and the Caucasus we can expect an increase in the flood of people returning to the wellsprings of their once-native blood.

If we do not wish this flood to turn into an avalanche sweeping away everybody and everything in its path, we must immediately concern ourselves with laying down a "channel" into which the energy of this bitter high water could be directed.

This was specifically the subject discussed at the recently held first conference of the Russian Fund for Assistance to Refugees—a fund known as "Fellow-Countrymen." The results of this forum are commented upon below for DELOVOY MIR by Vitaliy Ozira, deputy chief of this fund's board.

The problem of the refugees is a multilevel one and—I would say—has many aspects. It involves protecting their civil rights, offering them jobs, and providing

housing for them. The strategy of solving these problems is expressed by the Appeal which was adopted at our conference. In it we call upon the president, government, and Supreme Soviet of the Russian Federation to immediately work out and implement a fundamentally new, national-level program for supporting the resettlers. It would be known as "A Russian Rebirth," and its pivotal point must be the development of medium-sized and small-scale entrepreneurship.

Of course, we understand that—under present-day conditions—the problem of forced resettlement places a heavy burden on Russia. At the same time, however—no matter how paradoxical it may sound—there is also a certain positive factor at work here. Because, as you know, the first persons to move from their former places of residence are the most determined and enterprising ones, those will be willing to take risks and to struggle for their "place in the Sun." By the way, it was precisely such people who—at one time—migrated from Russia and helped to establish and develop the former Union republics. And, therefore, these people are nowadays not a burden at all, but rather Russia's wealth—a kind of abundant natural resource.

What is "flowing" into our Russia these days are not just working hands, but also intellect. In my opinion, the time will come when even the former so-called outlying areas will regret this "brain drain." With their help, Russia should find new energy. A representative of the Pskov administration spoke at our conference. He told us that before World War II Pskov had double the population that it does now. This border oblast could be revived, and life could be breathed into abandoned villages with the aid of resettlers.

Unfortunately, our fund is not yet capable of "waging an offensive" on all fronts. However, we are fully capable of helping people to place people in jobs, find suitable work, or help them to set up their own small businesses.

We grant interest-free loans to viable projects which can rapidly pay for themselves and which the resettlers are able to assume for themselves. Moreover, we see to it that they participate under equal conditions in the newly formed, joint-stock companies. We have highly skilled experts with financial, construction, and organizational training, who will follow up on and monitor the observance of all the "rules of the game."

During the fund's year and a half of existence it has been able to create its own branches in more than 20 of Russia's regions. They have achieved their best results and are most active in Pskov, Tver, Yaroslavl, and Smolensk oblasts. Thousands of resettlers are already working in entrepreneurial, commercial, and industrial structures.

Of course, our strength and efforts alone are not enough to solve the problems of the resettlers and the refugees. We need a nationwide, state program—one which would be under the patronage of the very highest level. Within its framework we must provide for the adoption of the laws "On Refugees," "On Forced Resettlers," the

granting of tax breaks, land plots and credits on favorable terms, as well as forming a well-disposed public opinion with regard to the new Russians.

The wealth and glory of the future Russia lies hardly in its notorious "granaries," but rather in its people. In those who have lived on its lands from time immemorial and in those who—by the will of fate—have again returned to their native roots.

#### Migration Service Deputy Cited on Refugees

PM0402134393 Moscow KOMSOMOLSKAYA  
PRAVDA in Russian 4 Feb 93 p 2

[Interview with Yuriy Vasilyevich Roshchin, deputy chief of the Russian Federal Migration Service, by M. Guseva; date and place of interview not stated: "Will Smoke of the Fatherland Warm Them?"—first paragraph is introduction]

[Text] There are 29 million Russians right now outside the fatherland. The specially created Russian Federal Migration Service will be concerned for those who have found themselves in trouble. A long-term migration program has appeared, staffs have been increased, money has been allocated... But is that enough? That was the question which began our talk with Yuriy Vasilyevich Roshchin, deputy leader of the service.

[Roshchin] Let's look at what is implied by the word "enough." We now have about 100 people working in the service. By the end of 1992 some 3 billion rubles [R] had been earmarked and R20-24 billion is planned for 1993. This money goes to pay one-off grants to refugees and enforced migrants (at present they are R2,250 per person) and on interest-free repayable loans of R200,000 to provide amenities. In the Moscow region several unique temporary bases have been organized for those particularly in need and in a little over 40 Russian territorial centers we are opening our own regional missions. We hope that they will soon appear in Russian embassies in the countries of nearby foreign parts.

[Guseva] How many real "displaced persons" do we have right now?

[Roshchin] It is hard to say exactly. First, the number of arrivals changes each month. Second, a temporary procedure for registering migrants was only introduced six months ago. And not everyone undergoes it. Some people are still wandering round the cities and villages in search of a better lot. Some have settled with relations and friends and see no point in this "paperwork." According to our figures there are now 470,000 refugees and 800,000 migrants registered in Russia. In reality I think there are more of these people, something in the region of 1.5 million. Scientists predict that we can expect at least 1 million this year. But after all everything here depends on the real situation. If we avoid serious conflicts and if the threat of total civil war recedes—the flow of refugees will abate.

[Guseva] Thank god that armed conflicts have swept over far from all outlying districts. But people, especially

the Russian-speaking population, intend to return everywhere to the land of their forefathers. That is probably not only their blood talking?

[Roshchin] Undoubtedly. Although at the official level they do not cease to assure us that there are no national problems within the former union republics, in practice it is all far from being that smooth. The Russian language is frequently driven out and cadres are chosen along national lines. In brief, our compatriots are beginning to feel they are second-class people, "aliens." And of course they are packing their suitcases without waiting for better times.

[Guseva] Let us speak of those who are already on Russian soil. You constantly use two terms: refugees and enforced migrants. What is the legal difference between them?

[Roshchin] Russia has issued a statement that any former citizen of the Soviet Union has the right to receive Russian Federation citizenship. So people who do not yet have Russian documents but who have crossed the Russian border fleeing the "trouble spots" of Tajikistan, Moldova, Georgia, and Azerbaijan are deemed to be refugees, while Russian Federation citizens who leave regions of conflicts are regarded as enforced migrants.

[Guseva] Are all these criteria confirmed by legislation?

[Roshchin] Unfortunately, there is virtually no legal base. Two draft laws on migrants were examined back in the summer at the Supreme Soviet in their first reading but things have still not gotten as far as approval. So far we are making do with provisional decrees.

[Guseva] And what documents should people submit specifically to obtain refugee certification and with it the right to benefits?

[Roshchin] Any document confirming their identity and previous place of residence.

[Guseva] And then loans and a grant are handed out and aid is given in finding work and somewhere to live...

[Roshchin] Every person is the maker of his own fate. The state can only give support. We would be glad to give to one and all. But at this stage it is unrealistic!

[Guseva] Except for large-scale evacuations people treat their decision to "change places" in a quite balanced manner. They correspond in advance with their relations and friends and come to take a look before they move. But what about those who have no close relations left in Russia?

[Roshchin] They can appeal to us in writing. Our service has a specific data bank. We will advise where they will be "most wanted," we give them the address of our relevant territorial mission.

[Guseva] To what address can people turn when they suffer a calamity?

[Roshchin] Write it down: Russian Federal Migration Service, No. 3, first Basmanny Street, Moscow 103807.



## POLITICAL AFFAIRS

**Yeltsin-Khasbulatov Meeting Highlighted**

934E0119A Moscow TRUD in Russian 17 Feb 93  
Evening Edition p 1

[Unattributed article: "Yeltsin and Khasbulatov Meet in the Kremlin: Report From the Press Secretary of the President of the Russian Federation"]

[Text] Yesterday in the Kremlin there was a meeting between President of the Russian Federation B.N. Yeltsin and Chairman of the Supreme Soviet R.I. Khasbulatov. Work to develop a constitutional agreement will be continued by a work group which is to complete the preparation of the text within 10 days.

It was stipulated that on 17 February there would be an exchange of drafts of the agreement: "On Coordinated Actions of Federal Organs of Legislative and Executive Power in Order To Stabilize the Constitutional System and Bring the Country Out of the Economic Crisis."

During the course of the conversation the president of Russia presented an initiative to convene a special Congress of People's Deputies with just one question—ratification of the agreement. In the president's opinion, the Congress could convene as early as during the first 10 days of March.

At the same time the president emphasized that until the agreement was ratified the executive branch would be preparing actively for a referendum. Since the Supreme Soviet is dragging its feet in preparing questions for the referendum, in the next few days they would make public wordings proposed by the president to be placed on the referendum ballot as a package.

B.N. Yeltsin gave his consent to publishing the presidential version of the draft of the agreement.

At the end of the meeting, which lasted 20 minutes, B.N. Yeltsin clarified that when preparing the agreement they should proceed from an understanding of the fact that this was an agreement between the president and the Supreme Soviet as the permanent organ of the Congress.

The composition of the work group will be determined by midday on 17 February. The group leader from the president of Russia will be V.F. Shumeyko, and from the Supreme Soviet—N.T. Ryabov.

**Chernomyrdin Views on Economic Reform**

934E0119B Moscow TRUD in Russian 17 Feb 93  
Evening Edition p 1

[Article by Yuriy Ursov: "The Prime Minister Distributes Questionnaires"]

[Text] Chairman of the Council of Ministers of Russia V. Chernomyrdin, who is in Tomsk, has demonstrated once again that he has his own viewpoint on the history and prospects for economic development of Russia. In particular, he spoke out sharply against the idea that "with strong regions there will be a strong Russia." Let us recall that since the time of the last conference of leaders of

local organs of authority in Cheboksary under the aegis of B. Yeltsin, R. Khasbulatov, and Ye. Gaydar, this idea has almost been raised to the rank of official state policy. It was manifested, for example, in the features of the formation of the draft of the state budget and the changes in the tax system. V. Chernomyrdin confirmed his reputation as a dedicated state figure. He thinks that it is impossible to divide up a power like Russia among various regions.

The government leader responded rather critically to the results of last year's activity of the Cabinet of Ministers headed by Ye. Gaydar—to be sure, without naming names. The strategy of the reforms, in Chernomyrdin's words, was correct, but the results might not have been so pathetic without the headlong decline of production and the impoverishment of the population. The prime minister also came out in favor of strengthening economic ties among the republics of the former Union, emphasizing that they need "clearcut coordination of actions of the governments of the CIS countries," and that an "immediate switch to world prices with nearby foreign countries would harm mainly Russia."

If one takes into account that Chernomyrdin is against "an immediate weakening of the role of the state as the owner of the majority of the country's enterprises," one can establish a fairly significant shifting of emphasis in the tactics for conducting reforms in Russia. Now, judging from the statements of the chairman of the Council of Ministers of the Russian Federation, the scenario for economic transformations in Russia is extremely close to the version selected in Kazakhstan, Belarus, Uzbekistan, Turkmenistan, and, to a certain degree, in Ukraine. Well, that too can be regarded as movement toward integration within the framework of the former Union.

**Newspaper Names 100 Most Influential**

934F0056A Moscow NEZAVISIMAYA GAZETA  
in Russian 3 Feb 93 pp 1, 2

[Article by Vitaliy Tretyakov and Boris Grushin under the heading "NG-VP Poll": "Russia's Political Olympics: The 100 Top Politicians in the Country (January 1993)"]

[Text] Today we present the results of our first rating of "Russia's top 100 politicians." The survey was done at the request of and with direct participation by NEZAVISIMAYA GAZETA and the Vox Populi Sociological Service. Late last year NEZAVISIMAYA GAZETA published a list of 500 figures in government and society, businessmen and military leaders who in the editors' opinion could rank among the 100 most politically influential people in Russia.

In late January we tallied the results of the first survey of experts (for a list of those experts see page 2 of today's NEZAVISIMAYA GAZETA). A total of 50 experts worked with a list of 125 names chosen from among the list of 500 according to very formal criteria: the state's highest officials, the members of the Russian Supreme

Soviet Presidium and the government, the Russian Federation presidential advisors, heads of highest-level judicial organs, and leaders of the main political parties and social movements.

A 10-point scale was used to assess the results, with a "10" the highest score and a "1" the lowest in terms of influence on Russia's domestic and foreign policy. A zero was the assessment given to the role of politicians whose names were completely unknown to the experts. Their average assessment was used to compile the final list of 100 Russian politicians who in the experts' opinion had the greatest influence on Russia's political life as of January 1993.

The next stage will be conducted as follows: in February another 25 names will be added to the current list. Firstly, these will be the individuals suggested especially frequently by the experts for inclusion in the list. Secondly, there will be those who most frequently appear in the pages of Russia's leading political newspapers in February (an analysis of the press will be done to compile this list). According to our working hypothesis these 25 new names will at the very least crowd out the last 25 individuals currently on the list. Thus the list will be constantly updated to reflect political events in the press.

How would one characterize the results of the January survey (still in its most general form)?

First of all, the first five names on the list fall in an interesting pattern. Naturally the dominant position is held by Yeltsin, with a strong lead (by more than one point) over second-ranking Khasbulatov. The vice-president, who in the official system ranks higher than the head of the government, in actuality comes after him (and after the head of parliament). That despite the fact that Rutskoy has been active in the political arena for over a year, while Chernomyrdin has just taken his first steps into it. The top five is rounded out by the head of the Constitutional Court. Obviously that is primarily the result of his actions in December, not in January.

Overall the order in which experts ranked these five individuals clearly illustrates the actual correlation between the executive, legislative and judicial branches in Russia. On this point the head of the Constitutional Court should be given his due. Like Baron Munchhausen he has literally lifted the judicial branch out of the swamp by its hair. Note that the Russian Federation's chief arbitrator, V. Yakovlev, is only in 81st place (i.e. will most likely leave the "top 100" list in the February rating), while Russian Federation Supreme Court chairman Vyacheslav Lebedev did not make the January list at all (he wound up in 103rd place, getting 1.21 points)! One could say that Lebedev simply has a widely recognized name, but Fedorov and Yakovlev had more widely recognized names, yet the experts draw a clear distinction between them. That means that either the Supreme Court and its chairman are handling important matters of state that the experts are not aware of, or else they are not, or else the Supreme Court has of late

completely fallen from the list of institutions that are of any importance to the state whatsoever.

Returning to the correlation between the executive and legislative branches, the top 10 list is even more telling. In addition to the five names already mentioned it includes another five members of the government, with Shakhray, who recently returned to a government post, outdistancing, for example, by Shumeyko, who never left the government (incidentally, Shumeyko is the first deputy head of government, while Shakhray is only deputy head).

Naturally the experts should assess not the importance of a post, but rather the influence of each specific politician. But, firstly, the post held is always a contributing factor and, secondly, it is interesting to draw comparisons not only between the rankings held by specific politicians, but also between the positions held by politicians with equal influence or, in other cases, with diametrically opposite levels of influence. This opens up a broad opportunity for analysis (true, that analysis cannot be based on one month's results, but the end of February will be here soon). In order to make that analysis easier for our readers, on page 2 of today's NEZAVISIMAYA GAZETA we have published five additional hierarchical lists extracted from the main list. We will continue to append these five supplementary hierarchies to the main survey results each month.

Attention should also be directed to the composition of the second group of 10. In addition to highest-level executive branch officials we also find both members of parliament and party leaders: Travkin (the highest rank in the group), Volskiy and Baburin (the first appearance by representatives of the "hard-line" opposition in the list—and with a very respectable ranking). Strictly speaking Rummyantsev was put on the list, at the suggestion of the experts, as a party leader, but he most likely got such a high ranking (14th) for activities that did not follow "the party line." Clearly that was how his work as Constitutional Commission secretary was appraised.

One more comment on the list as a whole: it bears a "centralist" or, if you will, imperial, stamp. There are virtually no individuals "from the provinces" included, unless they are already ensconced in state posts in Moscow. This will pass in two or three months, but probably not completely. In any event we will watch closely to see whether (and if so, when) any names like Dudayev, Shaymiyev, Aushev or Nikolayev appear among the 100 leading politicians of Russia.

In the course of the January survey experts named a total of 49 other individuals they felt should be included in the list. The overwhelming majority of these were mentioned by only one or two experts. Three or more mentioned the following possibilities: G. Burbulis, Ye. Gaydar, M. Gorbachev, V. Kuptsov, Yu. Luzhkov, V. Lukin, M. Poltoranin, O. Poptsov, A. Sobchak, A. Tuleyev and G. Yavlinskiy. Those names will be added to the February list, which will then be submitted for the experts' appraisal again.

Rank	Last Name, First Name, Patronymic	Score
1.	Yeltsin, Boris Nikolayevich	9.15
2.	Khasbulatov, Ruslan Imranovich	8.11
3.	Chernomyrdin, Viktor Stepanovich	7.76
4.	Rutskoy, Aleksandr Vladimirovich	7.73
5.	Zorkin, Valeriy Dmitriyevich	7.16
6.	Shakhray, Sergey Mikhaylovich	6.96
7.	Chubays, Anatoliy Borisovich	6.60
8.	Shumeyko, Vladimir Filippovich	6.59
9.	Kozyrev, Andrey Vladimirovich	6.52
10.	Grachev, Pavel Sergeyevich	6.05
11.	Shokhin, Aleksandr Nikolayevich	5.79
12.	Filatov, Sergey Aleksandrovich	5.71
13.	Travkin, Nikolay Ilich	5.51
14.	Rumyantsev, Oleg Germanovich	5.44
15.	Abdulatipov, Ramazan Gadzhimura- dovich	5.27
16.	Khizha, Georgiy Stepanovich	5.23
17.	Volzhskiy, Arkadiy Ivanovich	5.20
18.	Gerashchenko, Viktor Vladimirovich	5.06
19.	Skokov, Yuriy Vladimirovich	4.95
20.	Baburin, Sergey Nikolayevich	4.91
21.	Barabanikov, Viktor Pavlovich	4.89
22.	Pochinok, Aleksandr Petrovich	4.76
23.	Ryabov, Nikolay Timofeyevich	4.58
24.	Stepankov, Valentin Georgiyevich	4.58
25.	Popov, Gavriil Kharitonovich	4.29
26.	Nechayev, Andrey Alekseyevich	4.23
27.	Fedorov, Boris Grigoryevich	4.22
28.	Ambartsumov, Yevgeniy Arshak- ovich	4.18
29.	Saltykov, Boris Georgiyevich	4.11
30.	Stankevich, Sergey Borisovich	4.07
31.	Voronin, Yuriy Mikhaylovich	4.03
32.	Stepashin, Sergey Vadimovich	4.03
33.	Yarov, Yuriy Fedorovich	4.03
34.	Yerin, Viktor Fedorovich	3.94
35.	Lysenko, Vladimir Nikolayevich	3.93
36.	Fedorov, Svyatoslav Nikolayevich	3.93
37.	Lipitskiy, Vasilii Semenovich	3.78
38.	Bragin, Vyacheslav Ivanovich	3.76
39.	Kovalev, Sergey Adamovich	3.74
40.	Isakov, Vladimir Borisovich	3.63
41.	Pamfilova, Ella Aleksandrovna	3.49
42.	Barchuk, Vasilii Vasilyevich	3.48
43.	Volkogonov, Dmitriy Antonovich	3.44
44.	Yakunin, Gleb Pavlovich	3.42

Rank	Last Name, First Name, Patronymic	Score
45.	Ponomarev, Lev Aleksandrovich	3.38
46.	Maley, Mikhail Dmitriyevich	3.35
47.	Konstantinov, Ilya Vladislavovich	3.30
48.	Astafyev, Mikhail Georgiyevich	3.27
49.	Fedotov, Mikhail Aleksandrovich	3.24
50.	Sterligov, Aleksandr Nikolayevich	3.18
51.	Borovoy, Konstantin Natanovich	3.12
52.	Shafranik, Yuriy Konstantinovich	3.12
53.	Khlystun, Viktor Nikolayevich	3.05
54.	Melikyan, Gennadiy Georgiyevich	3.04
55.	Glazyev, Sergey Yuryevich	3.03
56.	Kostikov, Vyacheslav Vasilyevich	3.02
57.	Zyuganov, Gennadiy Andreyevich	3.00
58.	Aksyuchits, Viktor Vladimirovich	2.98
59.	Mashchits, Vladimir Mikhaylovich	2.97
60.	Vladislavlev, Aleksandr Pavlovich	2.93
61.	Salve, Marina Yevgenyevna	2.93
62.	Yakovlev, Aleksandr Nikolayevich	2.92
63.	Chernichenko, Yuriy Dmitriyevich	2.88
64.	Yablokov, Aleksey Vladimirovich	2.77
65.	Sidorov, Yevgeniy Yuryevich	2.73
66.	Klochkov, Igor Yevgenyevich	2.59
67.	Fedorov, Nikolay Vasilyevich	2.59
68.	Anpilov, Viktor Ivanovich	2.58
69.	Shostakovskiy, Vyacheslav Nikolayevich	2.46
70.	Shoygu, Sergey Kuzhugetovich	2.45
71.	Krasavchenko, Sergey Nikolayevich	2.39
72.	Nechayev, Eduard Aleksandrovich	2.36
73.	Granberg, Aleksandr Grigoryevich	2.34
74.	Zhirinovskiy, Vladimir Volfovich	2.32
75.	Aslakhonov, Aslanbek Akhmedovich	2.29
76.	Mityukov, Mikhail Alekseyevich	2.26
77.	Podoprigora, Vladimir Nikolayevich	2.26
78.	Umalatova, Sazhi Zayndinovna	2.22
79.	Zakharov, Mikhail Lvovich	2.17
80.	Smirnov, Stanislav Alekseyevich	2.11
81.	Yakovlev, Veniamin Fedorovich	2.10
82.	Vorontsov, Yuliy Mikhaylovich	2.02
83.	Andreyeva, Nina Aleksandrovna	1.98
84.	Vasilyev, Dmitriy Dmitriyevich	1.92
85.	Danilov-Danilyan, Viktor Ivanovich	1.90
86.	Novodvorskaya, Valeriya Ilinichna	1.86
87.	Kvasov, Vladimir Petrovich	1.76
88.	Shorin, Vladimir Pavlovich	1.74
89.	Ogorodnikov, Aleksandr Irilyevich	1.71



Rank	Last Name, First Name, Patronymic	Score
90.	Malyshev, Nikolay Grigoryevich	1.66
91.	Agafonov, Valentin Alekseyevich	1.65
92.	Vorfolomeyev, Vladimir Petrovich	1.60
93.	Medvedev, Roy Aleksandrovich	1.56
94.	Medvedev, Nikolay Pavlovich	1.53
95.	Tarpishchev, Shamil Anvarovich	1.41
96.	Polenov, Fedor Dmitriyevich	1.38
97.	Bulgak, Vladimir Borisovich	1.32
98.	Bochin, Leonid Arnoldovich	1.30
99.	Yeremin, Alvin Yevstafyevich	1.30
100.	Polosin, Vyachslav Sergeyevich	1.30

**Who Is Most Influential In All of Russia, and In Her Individual State and Political Structures: Hierarchies Compiled on the Basis of the January "100 Top Politicians" Survey of Experts**

#### I. Hierarchy of Highest-Level State Posts in Russia, Ranked by the Influence Wielded by Individuals in Those Posts

Russian Federation President Supreme Soviet Chairman Head of the Government Russian Federation Vice-President Constitutional Court Chairman Deputy Head of the Government Minister of Foreign Affairs Minister of Defense Chief of Presidential Administration Supreme Soviet of Nationalities Chairman Central Bank Chairman of the Board Security Council Secretary Minister of Security Soviet of the Republic Budget Commission Chairman Supreme Soviet Deputy Chairman Procurator General Minister of Economics Chairmen of Supreme Soviet Committees and Commissions Minister of Internal Affairs Government Ministers Russian Federation Chief Arbitrator

#### II. Hierarchy of Parties and Social Movements, Ranked by the Influence Wielded by Their Leaders

Democratic Party (Travkin) Social-Democratic Center (Rumyantsev) Russian Union of Industrialists and Entrepreneurs (Volskiy) Russian All-People's Union (Baburin) Russian Democratic Reform Movement (Popov) Economic Freedom Party (Sv. Fedorov) Republican Party (Lysenko) Free Russia People's Party (Lipitskiy) National Salvation Front (Isakov) Democratic Russia (Yakunin, Ponomarev) Russian People's Assembly (Konstantinov) Constitutional-Democratic Party (Astafyev) Russian National Assembly (Sterligov) Economic Freedom Party (Borovoy) Council of Popular and Patriotic Forces (Zyuganov) Russian Christian Democratic Movement (Aksyuchits) Free Democratic Party (Salye) All-Russian Renewal Union (Vladislavlev) Democratic Reform Movement (Yakovlev) Peasant Party (Chernichenko) Federation of Independent Russian Trade Unions (Klochkov) Russian Communist Workers' Party (Anpilov) Republican Party (Shostakovskiy) Liberal Democratic Party (Zhirinovskiy) National Salvation Front (Umalatova) All-Union Communist Party (Bolshevik) (Andreyeva) Pamyat (Vasilyev) Democratic Union (Novodvorskaya) Christian

Democratic Union (Ogorodnikov) Socialist Party of the Laboring People (Medvedev)

#### III. Hierarchy of Russian Government Members

Chernomyrdin (prime minister) Shakhrai (vice-prime minister) Chubays (vice-prime minister) Shumeyko (first vice-prime minister) Kozyrev (minister of foreign affairs) Grachev (minister of defense) Shokhin (vice-prime minister) Khizha (vice-prime minister) Barannikov (minister of security) A. Nechayev (minister of economics) B. Fedorov (vice-prime minister) Saltykov (vice-prime minister) Yarov (vice-prime minister) Yerin (minister of internal affairs) Pamfilova (minister of social security) Barchuk (minister of finance) Fedotov (minister of the press) Shafranik (minister of fuel and energy) Khlystun (minister of agriculture) Melikyan (minister of labor) Gazyev (minister of foreign economic relations) Mashchits (chairman, state committee for cooperation) Sidorov (minister of culture) N. Fedorov (minister of justice) Shoygu (chairman, state committee for emergencies) E. Nechayev (minister of health) Danilov-Danilyan (minister of environmental protection) Kvasov (head of government apparatus) Bulgak (minister of communications) Bochin (state antitrust committee)

#### IV. Hierarchy of Supreme Soviet Leaders

Khasbulatov (Supreme Soviet chairman) Abdulatipov (Soviet of Nationalities chairman) Pochinok (Soviet of the Republic Budget Commission chairman) Ryabov (Supreme Soviet deputy chairman) Ambartsumov (Committee for International Affairs chairman) Stepashin (Committee for Defense Matters chairman) Voronin (Supreme Soviet deputy chairman) Kovalev (Human Rights Committee chairman) Krasavchenko (Committee on Economic Reform chairman) Aslakhanov (Committee on Law and Order chairman) Mityukov (Legislative Committee chairman) Podoprigora (Committee on Interpublic Relations chairman) Zakharov (Soviet of the Republic Social Policy Commission chairman) Shorin (Science and Education Committee chairman) Agafanov (Agrarian Affairs Committee chairman) Vorfolomeyev (Environmental Affairs Committee chairman) Polenov (Soviet of the Republic Commission on Culture chairman) Yeremin (Committee on Industry and Energy chairman) Polosin (Freedom of Conscience Committee chairman)

#### V. Hierarchy of Presidential Advisors and Aides

Skokov (Security Council secretary) Stankevich (political affairs) Maley (military-to-civilian conversion) Yablokov (ecology) Granberg (CIS economic and social affairs) Vorontsov (international affairs) Malyshev (science) Tarpishchev (sports)

#### List of Experts Participating in the January Survey

**Mass media leaders and political commentators:** I. S. Arbuzov (Moskva Television Company), V. P. Volin (MEGAPOLIS-EKSPRESS), L. N. Gushchin (OGONEK), A. A. Yevlakhov (ROSSIYA), L. V. Karpinskiy (MOSKOVSKIYE NOVOSTI), P. V. Kaspárov (Television Information Agency), Ye. A. Kiselev

(Itogi [Conclusions] television program), N. N. Kishkin (TRUD), V. M. Kulistikov (Radio Liberty), V. N. Kucher (ROSSIYSKIYE VESTI), O. R. Latsis (IZVESTIYA), A. G. Lysenko (All-Russian State Television and Radio Company), L. M. Mlechin (NOVOYE VREMYA), Sh. S. Muladzhayev (MOSKOVSKAYA PRAVDA), A. S. Pankov (KURANTY), E. I. Safonov (LITERATURNAYA ROSSIYA), N. K. Svanidze (Russian Television), G. N. Seleznev (PRAVDA), Yu. B. Solomonov (LITERATURNAYA GAZETA), Sh. Z. Sultanov (DEN), V. L. Chupakhin (KRASNAYA ZVEZDA) and others (a number of experts in this group asked to remain anonymous)

**Directors and leading specialists from political science centers:** O. T. Bogomolov (Institute for International Economic and Political Research), G. G. Vodolazov, A. A. Galkin (Gorbachev Fund), S. A. Karaganov (Europe Institute), Yu. A. Krasin (Political Science Association), I. M. Klyamkin, A. M. Migranyan, G. G. Shashkov (Mneniye [Opinion] Service), A. M. Salmin (Gorbachev Fund), G. A. Satarov (Indem Center), V. A. Tishkov (Institute of Ethnology), A. A. Chubaryan (General History Institute), G. Kh. Shakhnazarov (Political Science Association), V. A. Yadov (Institute of Sociology), Ye. G. Yasin (Expert Institute) and others.

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NEZAVISIMAYA GAZETA and Vox Populi will provide interested individuals and organizations with more detailed information on the results of this survey. Contact telephone: 924-36-23.

The Vox Populi Service research group conducting the survey was comprised of A. Kinsburskiy (director), S. Kupriyanova, G. Moshkovich, Ye. Tarshif and others.

A. Gordon was in charge of the survey for NEZAVISIMAYA GAZETA.

### Council Head on Nationalities Discord

934K0293A Moscow ARGUMENTY I FAKTY  
in Russian No 7, Feb 93 p 2

[Interview with R. Abdulatipov, chairman of the Council on Nationalities, by ARGUMENTY I FAKTY correspondents D. Makarov and V. Perushkin; place and date not given: "We Should All Retire"]

[Text]

[ARGUMENTY I FAKTY] Ramazan Gadzhimuradovich, our calendar shows that today is Tuesday, 16 February; it is the end of the work day. Tell us, please, what you did today?

[Abdulatipov] A couple of days ago at a session of the Council on Nationalities, a law on indigenous small ethnic groups of the Russian Federation was adopted in the first reading. But we felt that many of its paragraphs were quite imperfect. Therefore, this morning I convened a conference of all of our commissions, and we went through this law again.

Another problem I worked on has to do with organizational support for the second round of negotiations in Kislovodsk between North Ossetia and Ingushetia. It begins today. In order to return the Ingush refugees to their homes in Prigorodnyy Rayon, we must first solve the problem of refugees from South Ossetia, of whom there are about 100,000, and who are settling here, where the Ingush used to live. We are planning a meeting with S. Shakhray and E. Shevardnadze on this question.

Well, in addition to that, each day I receive several delegations from the republics and oblasts and about five to 10 people.

[ARGUMENTY I FAKTY] Let us imagine for a minute that we are not sitting in a Moscow office in the White House, but have gathered with friends in your father's home in the Avar village of Gebgut. What would your first toast be?

[Abdulatipov] Once upon a time, several hundred years ago, as penance for something, a Dagestani khan ordered that a boy be taken to the highest mountain and tied to a tree there to remain all night. If he froze to death by morning, that would mean his guilt was great and there would be no forgiveness for him. If he survived, the khan would forgive him. To spend the night on the top of a mountain meant almost certain death. Nobody could disobey the khan, but the boy had a friend with whom he had grown up. And in order to ease the boy's suffering, this friend built a huge bonfire on the top of the next mountain. The night passed and the boy survived, and when he was asked how he managed to do it he said: "I saw that my friend had not abandoned me, and although his fire was far away and the heat from it dissolved into the night, I was warmed by our friendship." So let us drink to the warmth of our hearts, which can unite our peoples during any ordeals or disasters and keep them warm. How we are lacking this warmth today!

[ARGUMENTY I FAKTY] Today many people long for the prerevolutionary past, recalling almost with tears in their eyes the "iron" hand of Stalin and even Brezhnev, when there was not so much crime or so many ethnic conflicts.

[Abdulatipov] Dictatorship solves nothing in the nationalities question but merely postpones the resolution of painful issues until the democratic stage of the society's development. Only now have the people been given the opportunity to speak openly about their problems. Various kinds of politickers have taken advantage of this. By going back into history one can reduce national questions to the absurd.

[ARGUMENTY I FAKTY] The problem of history is a political problem. If the viewpoint that the Russian people occupied and pillaged the Caucasus 200 years ago prevails in some places, that means that today forces working against union with Russia are winning in those places.

[Abdulatipov] I think we must finally let history rest, while taking its lessons into account, of course. But if

someone, say, in Georgia begins to speak about Russia as occupiers who forced us to unite with Russia, they should remember that Georgia too was on the verge of physical destruction at one time and actually would have been destroyed had it not been for Russia. We were indeed united with Russia by force, but now only force can push us out of the Russian Federation. I am certain that many will return to a union with Russia as soon as we get firmly on our feet. For even in this extremely difficult situation the Dniestr region, Crimea, South Ossetia, and Abkhazia want to become parts of Russia.

[ARGUMENTY I FAKTY] Many people think that the blame for the growth of ethnic conflicts lies with the leaders of the USSR and, later, Russia, which transformed the Army into a passive wall of people standing between the two warring sides. And yet in Somalia American troops are disarming all the warring sides and are thus achieving peace.

[Abdulatipov] If the Russian Army had played merely the role of a wall of bodies, that would have been only half a victory. The problem is that in places where troops are brought in, the Army becomes a source of the spread of arms. Up to this point, it has been impossible to establish who gave tens of thousands of units of firearms and an immense number of aircraft to Georgia and Chechnya.

Of course, the Russian Army is now in an extremely unenviable position, since it is considered everywhere to be an occupation army. But try to take the troops out of the "hot spots" today, and the number of victims will increase sharply.

[ARGUMENTY I FAKTY] In all East European countries and the Baltics, elections—parliamentary and presidential—are held once every two years. They understand that during a transition period, the economic and political situation changes very rapidly, and the people who met the requirements of the situation quite recently have now fallen hopelessly behind.

[Abdulatipov] Frankly, we lost the right to represent the interests of the people long ago. Because we have one and all violated our election programs. Nobody promised anybody the collapse of the USSR, nobody promised interrepublic wars, higher prices, and growth of crime. I mean both the deputies and the president. We do not have the moral right to govern the country, since we have done nothing to establish Russian statehood.

We need a new approach to everything in politics and the economy, but we have become bogged down in endless work for repairing the old structure. The crisis of power in Russia has come not because someone does not have enough authority or the legislative branch is seizing the authority of the executive branch, or vice versa. The essence of the crisis is that already existing authority is not being realized.

[ARGUMENTY I FAKTY] It seems that the most diverse kind of slander is going around about all Russian leaders, but they have forgotten about you.

[Abdulatipov] That is not at all true. There is slander based on half-truths about me, just like all the rest, one rumor being that I am a former apparatchik and worked in the CPSU Central Committee in the past. I did indeed work for a year and eight months in the apparatus, but the time when I worked there was in 1988, when there was little left of the old CPSU Central Committee. But at the First Congress, when I was elected first deputy chairman of the Supreme Soviet, there was even the rumor that my wife was a relative of Raisa Maksimovna, and I was the best friend of Ligachev, whom I had never even seen except on television.

#### **Rayon Administration Chief Causes Problems for Sobchak**

##### **Deputies Level Charges Against Rayon Chief**

934F0087A St. Petersburg VECHERNIY PETERBURG  
in Russian 21 Jan 93 p 2

[Article by Boris Vishevskiy under the heading "Conflict Situation": "Captain, Captain, Look Around You..."]

[Text] *Recently conflicts between the legislative and executive branches have become typical, and not only at the highest levels of government.*

*Our paper has on numerous occasions written about cases of similar conflict in the power structures of St. Petersburg's rayons. Such conflict now extends to Vasilyevskiy Ostrov, where conflict between the soviet and the administration now looks like a protracted "trench war" that will continue until final victory, and that is not in the offing...*

*For now we will limit ourselves to brief dispatches from these "fronts." Today we propose that our readers attempt to sort out for themselves the mutual charges levelled by deputies of the Vasilyevskiy Ostrov Soviet and representatives of the rayon administration.*

It would not take long to decide a contest to determine the absolute champion in media popularity between the city's rayon administration chiefs. Vasilyevskiy Ostrov Administration chief Yevgeniy Gubar could confidently be expected to be elevated to the highest pedestal of honor. For more than a year Captain 1st Class Gubar has governed the island entrusted to him in the naval style of "first after God," with his orders not subject to discussion and to be carried out with military precision. It is not surprising that not a single major newspaper in the city has ignored the conflict between Gubar and the Vasilyevskiy Ostrov Rayon Soviet, of which he was once chairman.

Tired of Gubar's numerous and unending violations of the law and his "leadership style," a style hallmarked by legal nihilism (of which more below), complete rejection of any criticism whatsoever, an inability to listen to a different viewpoint, and a very elevated opinion of himself coupled with extreme suspicion and a constant search for enemies in his inner circle and beyond it, the rayon soviet voted in April by 77 votes (out of a total of



108 deputies) to pass a decision concerning "the inappropriateness of Ye. N. Gubar continuing to serve in the capacity of rayon administration chief." The mayor of the city was sent approximately 100 pages of documents supporting the session's arguments and asking him to fire Gubar from his post as "governor." In response the mayor dispatched a commission, which was forced to grudgingly acknowledge the fact that Gubar had ignored the soviet when spending budgeted funds, his arbitrary way of spending non-budgetary funds, his lack of any personnel policy (the deputy administration chief, the head of the personnel department and an aide to Gubar have recently retired from the navy account of their age and do not have "experience working in a city administrative system"), and conflicts over the distribution of humanitarian aid and leasing of non-residential buildings. The commission did not find any "intentional and malicious violations of the law." But the fact of "disagreement with the chief's actions" on the part of 77 soviet deputies did alarm the commission.

Three months passed, and things got worse. Gubar continued to "reign" as before, still shrugging off decisions by the city and rayon soviets as if they were meaningless pieces of paper. Some of his "feats" have been chronicled here. For example, Gubar opened a separate account with the Petrovskiy Bank "to fund administration initiatives with regard to rayon development and social support for administration personnel," (!) with only he or his deputy able to access that account. The rest was easy, according to the deputies, and every "business discussion" between Gubar and entrepreneurs involved a "contract fee" payable into that account. Let us call things by their proper names: state extortion! The rayon soviet overturned the order opening the account, but it is still not closed. A municipal people's militia [*druzhina*] has been set up in the rayon and answers only to Gubar. Despite the housing situation that exists in the rayon, Gubar and his "team" look for opportunities to give housing ahead of turn to "needy people" (especially the kind of people with officer's insignia and lots of stars). Virtually every one (!) of the soviet's decisions has been appealed by Gubar—even the ones that he has no legal right to appeal. One example was a decision concerning shortcomings in the way vouchers were handled in the rayon. A soviet session declared the job being done unsatisfactory and required Gubar to see that vouchers were issued strictly according to regulations. Gubar appealed, announcing that the soviet was "blocking" voucher distribution.

Finally the deputies' patience was at an end, and on 23 October a soviet session passed a decision (unfortunately not legally proper and subsequently rescinded by the soviet itself) "suspending the authority of the administration chief." The session declared that the conflict between the soviet and the administration was being skillfully and artificially incited by Gubar for the purpose of concentrating unbridled power in his own hands, and once again appealed to the mayor, asking him to accept this decision. Gubar reacted instantly, sending an angry letter to city soviet chairman A. N. Belyayev,

accusing the rayon soviet of attempting to "demoralize the administration." Gubar did not produce any facts whatsoever in support of that claim. Then he called a press conference, making sure that no deputies or the soviet's press secretary were present. The stenographic record of that press conference is so telling that certain sections absolutely must be quoted. It turns out that Gubar "personally has... sufficient grounds to state that the soviet should be dissolved." It turns out that they are "constantly attempting to find some means of illegally removing" poor Gubar from office. It turns out that "the deputies are continually telling lies." It turns out that the deputies have only one objective: "to crush the executive branch." Distribution means "wanting to stand at this trough" (how is one to interpret that: that the chief is now at the trough himself and does not want to let anyone else near it?). And, continuing: "Excuse me, but for God's sake do not publish this." (!)

But those malicious deputies just keep asking unpleasant questions. For example: how has Gubar managed to retain (according to information released by the Navy Personnel Department on 21 November 1992) his rank as Captain 1st Class, active duty, and continue to receive money from the Ministry of Defense equivalent to the pay differential in his current position? Under the law he could have been "assigned" to the soviet while he served as its chairman. Yet for more than a year now Gubar has been an official, not a deputy, and he has no right whatsoever to this "dual employment." As things stand now his service time continues to accumulate, and so does the money—they might even promote him to admiral... Gubar has been asked point-blank why he has not yet resigned from the navy. The chief's reply: that is my private business.

On 30 November of last year the mayor of St. Petersburg attended an expanded session of the lesser soviet. He listened to the complaints and promised to nominate a new chief at the next city soviet session, yet at the same time he attacked the deputies and declared that he would dissolve the soviet if it were within his authority to do so...

On 10 December a rayon soviet session resolved on a secret ballot to note Gubar's systematic violations of the law, his failure to abide by city and rayon soviet decisions or orders from the mayor, and his creation and incitement of a confrontational situation between the rayon administration and the rayon soviet, and "to remove Ye. N. Gubar from his duties as chief of the Vasilyevskiy Ostrov Rayon Administration." A total of 72 deputies out of 108 voted "yes" to this resolution, exactly the two-thirds majority required by law. There were 20 opposed, and nine abstaining. During the session Gubar publicly stated that he would not appeal the decision if it passed. Nor did he object to the voting procedure. The vote was taken and a report sent to the mayor (Sobchak had promised in advance that if the session approved the decision he would immediately remove Gubar from office)—and on 15 December 1992 Gubar filed an appeal of the soviet's decision! Allegedly

the soviet did not have the right to remove him, as Russian Supreme Soviet Decree No 1562, issued on 8 July 1991, supposedly was in violation of the Law on Local Self-Government, and a law takes precedence. But the mayor appointed Gubar pursuant to the decree, not the law! Does that mean that he was protesting his own appointment? According to information in our possession the chief also appealed to a city court...

Every means were employed by Gubar in this "struggle for life and honor"—a naval term applied to efforts to keep ships afloat. The administration chief slithers like a snake as he clings to his captain's bridge. The deputies speak out publicly, asking where is the chief's honor and conscience as he clings for dear life to his office... or is it to the "trough"?

Recently Gubar took an emergency... vacation. (Firings of individuals while they are on vacation are not permitted.) The mayor of the city instructed the head of the city hall personnel department to find a nominee to replace the administration chief and promised the deputies that he would "make a decision" following the chief's return from vacation. Will that really be the end of Captain Gubar's "solo voyage"? On 22 December 1992 a soviet session rejected his appeal as legally improper, so it would seem that there is no reason to keep on fighting. But who knows what the "unsinkable captain" will come up with next? If he were a man and if he had even the slightest trace of dignity he would have quit his post long ago.

(P.S. According to information received from the mayor's office A. Sobchak, with the consent of his apparatus, is preparing to keep his promise and... transfer Ye. Gubar to a soft job at city hall. What a survivor!)

#### Rayon Chief Defends His Record

934F0087B St. Petersburg VECHERNIY PETERBURG in Russian 21 Jan 93 p 2

[Interview with Yevgeniy Nikolayevich Gubar, Vasilyevskiy Ostrov Rayon Administration chief, conducted by M. Trunkov, St. Petersburg City Hall Press Center editor-in-chief: "Concerning Ambitions and Petitions"]

[Text] *This meeting between the editor-in-chief of city hall's press center and Ye. N. Gubar, head of Vasilyevskiy Ostrov Administration, was prompted by an open letter from the Lesser Soviet of Vasilyevskiy Ostrov Rayon Soviet to Mayor A. Sobchak (see VECHERNIY PETERBURG, 4 November 1992) and the continuing confrontation between the rayon soviet and the head of its executive branch.*

[Trunkov] Yevgeniy Nikolayevich, where do you feel that the roots of the conflict between your administration and the rayon soviet lie?

[Gubar] The question posed in the open letter to Mayor A. A. Sobchak—"Who is in charge?"—succinctly expresses the essence of the conflict. The motivation for that question is unwillingness on the part of the rayon

soviet leadership and some of its deputies to comprehend the objective need not only for the existence of a government of soviets, but also for executive and judicial branches. What is the rayon soviet's motivation for trying to interest readers, particularly those living in this rayon, in the "rayon soviet vs. administration" topic? I believe that this represents an attempt to shift their own responsibility for their lack of practical action on a number of urgent issues facing the rayon to the administration and its chief. I realize that it would be more convenient for them to have a puppet administration chief.

[Trunkov] Clearly this conflict has been brewing for some time, and during that time more than one commission has attempted to resolve it. What were their findings?

[Gubar] Yes, after the rayon soviet's decision concerning the administration chief in April of last year the mayor did appoint a commission to look into the matter. We were also investigated by a commission from the Control and Auditing Administration of the Russian Ministry of Finance. The deputies are well aware of the findings reached after three months of investigation, yet these were intentionally distorted in the letter. Both commissions found no evidence of lawbreaking, abuses or negligence in the administration chief's actions. Mayor Sobchak has repeatedly proposed a joint discussion of this situation, but that proposal was rejected by the deputies.

[Trunkov] In a letter to VECHERNIY PETERBURG the deputies accuse you of "legal nihilism" and pursuit of your personal ambitions. How do you feel about these and similar charges that have made against you?

[Gubar] While accusing me of legal nihilism, the lesser soviet and the rayon soviet have themselves systematically approved illegal decisions. A notice and appeal from the procurator, decisions by rayon and city courts and my own numerous appeals confirm that. Exceeding its authority is a typical trait of this soviet.

Thus under the banner of struggle against "concentration" of unbridled power in Ye. Gubar's hands the rayon soviet has through its decisions made the administration's work much more difficult and has closed two of its accounts. An attempt has been made to close the administration's account that is earmarked for efforts to solve social problems in this rayon. Due to the lesser soviet's efforts to block the work of the Housing Commission the rayon budget has already lost over a million rubles. And the ill-conceived plan for implementation of the budget is an obstacle to swift and effective solutions to the rayon's problems. For example, this was demonstrated by the rayon's preparations for winter. For a long time the soviet would not confirm public commissions under the administration or the head of the rayon internal affairs administration. My orders concerning expansion of the range of social services have been rescinded—for example, there was one order about a store to sell adult and children's convalescent aids. The rayon soviet

expropriated the property of the former CPSU raykom in violation of an edict issued by the president of Russia. The rayon has a redundant deputies' commission on humanitarian aid, and there are simply no words to describe the New Year's distribution of that aid to rayon soviet personnel instead of to those who urgently needed it. The deputies attempted to shut down a radio show devoted to events in the rayon. The rate at which deputies improve their housing conditions is three times that of the rayon in general. In short, some deputies place top priority on their own benefits and interests.

[Trunkov] The power struggle into which the rayon administration has been drawn, one must assume, does not consume all of its time. Have you succeeded in solving any of the economic and social problems facing the people of Vasilyevskiy Ostrov this past year?

[Gubar] This past year stores and consumer service facilities increased in sales area by more than one-fourth. The administration has established cooperation with enterprises in the rayon, making it possible to maintain additional bus and streetcar routes and set up a municipal people's militia. An express bus was put into service. We dealt swiftly and effectively with fuel, heat and food supply issues. For instance, thanks to cooperation with the Swedish Consulate the rayon received more than 100 tonnes of food for infants and the disabled. The number of people being fed at free cafeterias increased by 1,000, and new relief kitchens were opened. Even though no new housing is becoming available we were able to provide over 100 apartments to rayon residents. We are currently completing resettlement of people from seven apartment buildings that are slated for major repairs. We have found a solution to one of our nagging problems: repair of Bolshoy Prospekt.

To sum up, I would like to say that executive organs do exist in this rayon, and they are ensuring the normal functioning of our rayon's municipal services.

#### **Deputies Challenge St Petersburg Privatization Plan**

934F0088A St. Petersburg VECHERNIY PETERBURG in Russian 21 Jan 93 p 1

[Article by I. Ivanova under the heading "At a Session of the City Soviet": "Two Inseparable Friends: Power and Property—Once Again the Subject of Contentment"]

[Text] Well, here it is. The scandals I used to write about only in my reports from the congresses have now reached our St. Petersburg City Soviet, the "most democratic soviet in the CIS." I hope my readers will excuse the none-too-elegant language, but you should also be aware of this side of those for whom you voted not so long ago.

"Scum!" V. Skoybeda screams several times at the 204 deputies who support A. Belyayev's motion to consider a finding by the procurator that morning. The chairman based his motion on time pressure. His opponent, who won the support of only 38 deputies, wanted to consider the matter in February, together with a report from A. Belyayev.

It is hard to say whether V. Skoybeda personally intended to "take" power, but he had already prepared and distributed a draft motion calling for A. Belyayev's resignation.

Incidentally, it appears that people can also use other means of clearing out positions of leadership. When in the morning deputy V. Skoybeda once again and in his accustomed tone voiced "a complaint about the presiding chairman"—deputy chairman B. Moiseyev—and the session was prevented from getting down to serious matters, Boris Aleksandrovich [Moiseyev]... asked to be permitted to resign. The soviet faced the possibility of finding itself leaderless, because the chairman and deputy chairman of the soviet had been elected as a pair, and that consensus between various forces had been achieved with great difficulty. But yesterday the deputies' collective wisdom prevailed. Only 75 people voted to put the matter on the agenda.

Here is B. Moiseyev's comment on his statement, specially for VECHERNIY PETERBURG readers:

"I am on the verge of a nervous breakdown. What is driving me crazy is that there is no way to beat this 'Skoybedism.' We are wasting so much time on this senseless bickering!"

As for the nature of V. Skoybeda's complaints about the soviet's leaders, I will cite just one example. In his press conference "expose" the esteemed Vitaliy Valeryevich [Skoybeda] repeatedly asked why soviet apparatus members Shershnev and Fedorov attended an environmental seminar in Finland. Here is how things were: we put the deputies headed for that seminar on a bus in which administrator of affairs Shershnev and Fedorov, director of the Kamenoostrovskiy Hotel Complex, were setting out to acquire spare parts for city soviet and hotel equipment. We were just trying to save money on travel expenses!

Unfortunately, this is not the only case in which our esteemed colleague Skoybeda has simply ignored the facts...

Power and property. These were the subject of the fiercest contention at the session.

Sharp and persuasive criticism was leveled at documents concerning the diagram for management of city services presented by city hall. The main complaint was that the diagram scarcely differed at all from the one used by the former ispolkom.

Yesterday a report was presented by S. Yegorov, chairman of the Committee on Property Matters.

Heated debates took place between supporters and opponents of the idea of privatization in the city. Sergey Nesterovich [Yegorov] had submitted in advance a detailed information sheet on the committee's main efforts, and he also brought a long list of questions submitted at a previous session and at Lesser Soviet and Presidium sessions, questions to which his committee had helped prepare answers.



But then a serious charge was levelled against S. Yegorov. Deputy A. Krylov pointed out a number of documents on that list which Sergey Nesterovich's committee... had not helped prepare.

Deputy V. Shtager called the committee's policy into question. In his opinion, privatization is being carried out largely for the sake of privatization, and if that continues the city will be faced with complete devastation of its social infrastructure.

Loudest among the voices of those defending the current policy were the members of the "New Liberals" club—S. Popov, P. Lanokov, M. Gornyy, A. Seryakov, A. Vinnikov and others—who had prepared a special statement. But their document was of a general nature. For example, in it those who criticize S. Yegorov were accused to attempting to halt privatization in St. Petersburg by compromising the structures and individuals responsible for privatization.

However, those attending the session were shown another document signed by the chairmen of 17 rayon soviets. Its authors noted, for example, that the city soviet's permanent commissions have been kept from "participating in monitoring of privatization and municipalization transactions," with the commissions' collective opinion being replaced by the sole viewpoint of the commission's chairman in committee. The operations of the Committee for State Property Management and its rayon agencies are virtually unmonitored by the city soviet... The list of complaints is quite long. A separate memorandum cited the following examples (with specific addresses listed). Following a change in form of ownership a wine store was opened on the site of a bakery, and in another case a vegetable store was closed and the assortment of products in the rest of the store sharply curtailed. After being sold at auction a certain beauty salon has been closed for eight months now. The only department store in three large areas of new residential construction is going on the auction block, with the rayon soviet, the rayon administration and even the rayon agency of the Committee for State Property Management learning of the auction from the newspapers...

S. Yegorov did not address these specific cases in his concluding remarks. But he did firmly reject the complaints levelled at him.

One must admit that a soviet session is not the best place for determining who is right in specific disputes connected with privatization or the property committee's actions. Eight draft decisions on these matters were submitted to the deputies. The bloc of those who consider the committee's efforts satisfactory got 105 votes, while those who were dissatisfied got 95. In the end the starting point chosen was a draft simply noting S. Yegorov's report. Today that document will be edited further.

### Diphtheria Epidemic Alarms St Petersburg Authorities

934F0088B St. Petersburg *VECHERNIY PETERBURG* in Russian 23 Jan 93 p 1

[Interview with Oleg Parkoz, chief epidemiologist at the St. Petersburg City Center for Sanitary and Epidemiological Oversight, conducted by G. Orlova: "Diphtheria Grips Our Throat"]

[Text] *After many years of epidemiological success in the Russian Federation and in St. Petersburg we are now witnessing a sharp upsurge in the number of diphtheria cases. Whereas in 1989 only 12 cases of this disease were recorded, in 1992 the figure was 845, more than in 1991 by a factor of 4.5. A total of 15 people died, and not one of them had been vaccinated.*

*What is happening? We posed that question to Oleg Parkoz, chief epidemiologist at the City Center for Sanitary and Epidemiological Oversight.*

[Parkoz] One of the reasons for the rising morbidity of this disease is loss of immunity among the adult population. The only defense against diphtheria is a preventive vaccination, but many people do not realize that and continue to refuse vaccination.

Some mothers have stopped having their children vaccinated, believing that they are protecting their children's health by doing so. The results of these misconceptions is tragic: last year four children died of diphtheria.

One characteristic of diphtheria in the 1990's is that what was once a "childhood" disease has now "grown up." The usual age of those getting the disease now is between 30 and 40. Mainly these are individuals who by virtue of their jobs constantly are in contact with a number of people for hours on end: store employees, businessmen, teachers, medical personnel, journalists...

For example, one of those who fell ill, a 40-year-old businessman, called the doctor only after he had been sick for eight days. The doctor immediately diagnosed the disease, but while waiting to be transported to a hospital the patient stayed on the telephone, wrapping up numerous business matters. On the way to the hospital he suffocated. If he had called a doctor immediately this tragedy could have been prevented. Last fall an unvaccinated 27-year-old female patient died in three days of a severe form of diphtheria. Her two young children were orphaned.

[Orlova] How can one recognize this terrible disease?

[Parkoz] It starts with a type of angina. Many people naively attempt to treat themselves by drinking tea with raspberries or taking aspirin. But if you have diphtheria, then that sort of "treatment" is a tragic and pointless waste of time. People who do not take this seriously will be punished with a serious illness. When the first symptoms—an elevated temperature and sore throat—appear, a doctor should be called to the home at once and asked to test for diphtheria.

If diphtheria is diagnosed and the doctor insists on hospitalization, do not refuse. Only with in-patient treatment is it possible to prevent the onset of complications. Severe toxicity disrupts the functioning of internal organs, the nervous system and the cardiovascular system. If the spread of the illness is not stopped in time, recovery can take up to six months and could be followed by permanent disability.

[Orlova] How likely is one to become infected?

[Parkoz] Extremely likely! The disease is transmitted by drops of moisture in the air, i.e. through sneezes, coughing and conversation. Scientists have determined that a sneeze can transmit the disease over a distance of several meters.

In mid-January Mr. Kurchanov, the city's chief public health physician, signed a decree ordering general public vaccination. It is essential that at least one-and-a-half million people receive vaccinations in the shortest possible time in order to halt the spread of this dangerous disease. Vaccinations are available free of charge at every clinic in the city. They should be given to children beginning at three months of age, with subsequent booster shots at the ages of two, nine and 16, and to all adults who have not had a diphtheria vaccination in the past 10 years.

[Orlova] There is a persistent rumor circulating that the vaccination is worthless and that one can get along without it quite well.

[Parkoz] The diphtheria vaccine is the only reliable means of prevention. The vaccine is given in the form of a complex ADS-M anatoxin. The vaccination has few side effects, and generally does not result in complications. In every case the vaccination is administered after a physical examination by a doctor, who must give permission for the immunization. Under current legislation this vaccination is mandatory for everyone. Those who refuse it are risking their health, if not their lives.

## ECONOMIC AND SOCIAL AFFAIRS

### Rutskoy Interview Assesses Russia's Future

934E0104A Moscow TRUD in Russian 13 Feb 93  
Saturday Edition pp 1, 2

[Interview with Russia's Vice President Aleksandr Rutskoy, by TRUD political commentator Vladimir Snegirev; place and date not given: "Aleksandr Rutskoy: We Have Had Enough Steep Turns"]

[Text] Hero of the Soviet Union Aleksandr Rutskoy feels just as comfortable in his Kremlin office as he used to in the cockpit of an attack aircraft. Until recently a pilot, who has swiftly risen to the pinnacle of state power, he easily endures excessive political overloads, prefers an acceleration to cruising speed, and follows his own course toward a chosen goal, which does not always coincide with the course of his "wing leader," that is, the president. While this style has brought Rutskoy many victories in the Afghanistan sky, does it mean, however, that the

former pilot will leave a lasting and unique trail in the skies of Russian big politics?

Political scientists and journalists like to pontificate about the "Rutskoy phenomenon" these days. His reception room is filled until late hours with top-level economic managers, prominent scientists, cultural figures, and religious authorities. Without doubt, he is today one of the most popular and authoritative figures in Russia. Many pin on him their bright hopes for change for the better. However, Aleksandr Vladimirovich also has more than enough detractors. He gets especially hard hit from the "right" and "left" flanks of the political front. It seems, though, that this does not bother the vice president at all: he maintains that he believes in a balanced, phased approach to the reforms, keeps emphasizing his "centrism," and tirelessly exhorts everyone toward consensus and compromise.

These days, his judgments do not bear the imprint of rigidity and categorical judgment that used to come through only a year ago, although where it counts he appears to not have retreated from his positions. Observers note his unquestionable progress in the ability to maneuver in the political theater, while sociological surveys show a stable increase in his rating. By all indications, Aleksandr Rutskoy does not intend to consider the vice president's job the pinnacle of his career. His ambitions have not been satisfied yet.

A TRUD political commentator recently accompanied A. Rutskoy in his recent trip to Volgograd and Nizhny Novgorod.

Having taken part in the celebrations of the 50-year anniversary of the great battle on the Volga, the vice president, as usual, did not limit himself to the figurehead role. He visited the hero-city's industrial enterprises; he met and had long conversations with all kinds of people. Also, these meetings took place not necessarily within the boundaries of the "required program," that is, falling under the areas of Rutskoy's official responsibility. Difficult as it was for him, he could not refuse to talk to parents of military servicemen who had died in peacetime as a result of so-called "relations outside of service regulations." He found the time to listen to Afghan War veterans and to work out together with them a strategy for developing their social movement. He participated in a very challenging dialogue with representatives of the Don Cossacks.

In Nizhny Novgorod, famous for its defense enterprises, the vice president concentrated on the issues of conversion and the interaction between the VPK [military-industrial complex] and the needs of the agro-industrial complex.

The interview we now offer to our readers took place on the plane on the way home.

[Snegirev] Watching you closely in the course of this trip that was so jammed with events, I noticed that you are not trying to avoid meetings that clearly hold no payoff for a political figure. What could you say, for instance, to these grief-stricken women whose sons had become

victims of bandits in military uniforms? How could you help them? Or another example: Petitioners with complaints about this curse of ours—the housing problem—continued to break through to you, and every time, seemingly contrary to any logic, you started looking through their papers, got into a conversation. While your entourage kept whispering: Is this a matter for the vice president's level?

[Rutskoy] Yes, I am unable to help everyone who comes to me. But it is every statesman's duty to listen to a citizen, understand his problems, and try to do something for him. Perhaps the unwritten protocol of the years past prohibited stopping on a street to listen to passerby's complaints. But I was elected by these people; it is they who entrusted me with power and, hence, with their fate—so how can I confine my communication with them to rally podiums?

As to parents of dead soldiers, this is not the first time I have met with them—both in the Kremlin and locally. I came from the military and bear my share of responsibility for what is happening in the Armed Forces. It is true, the number of crimes in the Army has declined dramatically, but it is too early to close the book on this problem. The part of our law that deals with it needs cardinal revision. Also needed is an in-depth reform of the Armed Forces. And, finally, all efforts to get things in order may be futile if the crime-engendering situation in society itself remains. The Army is only a part of it.

[Snegirev] If you have no objection, we will talk about that later on. Now I would like to ask you a question that concerns many people: What is your relationship with the president?

[Rutskoy] We have normal working relations. We regularly meet, exchange opinions on topical issues of current politics. The president assigns all kinds of tasks to me. In short, we work together constructively.

[Snegirev] So the tension you mentioned in the past, with sadness and bitterness, at meetings with journalists, is gone now?

[Rutskoy] Well, certain peculiarities in our relationship remain; to a large extent, it comes not from Boris Nikolayevich, but from his apparatus entourage. It is no secret from anybody that there have been and still are people there who, in pursuit of some—most likely personal—goals, would like to cause bad blood between us.

[Snegirev] Still, the fact remains that you—how to put it precisely—do not quite fit the commonly accepted norms of behavior of the second person in the state. Sometimes, using a military expression, you march out of step with the president. I am not trying to say which one is marching to the right drum beat—only to the routine ethics according to which your status is supposed to be that of Boris Nikolayevich's shadow.

[Rutskoy] What you describe is not a carefully thought-out position, calculated in advance; it is more a necessity, caused each time by some out-of-the-ordinary circumstances. You mentioned commonly accepted

traditions. But where, in what country, does the situation even remotely resemble ours? Where else are there radical political and economic reforms taking place—all of it against the background of an enormous number of extremely difficult problems, ethnic clashes, in the face of the real threat of civil war? That is why we have to behave not according to protocol, but depending on some or other emerging circumstances. Alas, this is our Russian reality, and we cannot discount it.

I hear sometimes: If you disagree with the president in something—resign, and then, free of the burden of a state job, do what you please. For me such an option would mean capitulation, retreat, the betrayal of many people.

I repeat, we are now in such a situation that we can hardly use all the experiences of other countries—with their civilized, established democracy, stable economies, homogeneous societies, and absence of painful hangups in the public conscience.

[Snegirev] When the president assigned the agro-industrial complex [APK] to you, on the basis of old perceptions of the "nomenklatura games" everyone decided that Rutskoy's political career was waning. There has not been a person in our recent history who could deal successfully with this problem. On the contrary—many a man fell victim to this endeavor. How did you react to this unexpected assignment? How did you feel when you began dealing with it?

[Rutskoy] I cannot tell you with certainty what motivated Boris Nikolayevich to entrust a recent military pilot with the most difficult problems of the APK and to ask me to help to get things in order there. Perhaps he wanted a fresh, unfettered person to tackle it. Perhaps he had some other considerations—the best thing to do is to ask Yeltsin himself. I did not feel either hurt or scared by the new assignment. I am the kind of a person who mobilizes himself for any difficult task, and experiences new life and energy surge. The more difficult and even unsolvable the task appears, the more energy I get.

Of course, I realized how much new knowledge I would need, what a gigantic volume of information I would have to absorb in a very short time. I buried myself in books; went to farms; was not afraid to ask about everything I did not understand. My already busy work days became packed to capacity. I got help from specialists in various sectors of agricultural production, and together we started to develop a concept of reform.

We started with the analysis of the reforms that have been attempted in Russia since the abolition of serfdom. By the way, we counted 127 such reforms. It appears, though, that only the program proposed by Petr Arkadyevich Stolypin has some chance for success.

In this archival-historic search, I learned many useful things, formed certain fundamental ideas on the strategy of reform. For instance, it became completely clear to me that agriculture cannot be thrown into the sea of the market, as is demanded by some hotheads, who advocate



an immediate liquidation of kolkhozes and sovkhoses and distribution of land to farmers. Such exhortations are either irresponsible or populist. We have to follow the road of diversified agricultural production, and the necessary condition is that the state must provide the organizational-economic protection of the latter's interests.

An all-out "decollectivization" will inevitably turn into another campaign with horrible consequences for our already anemic economy. We have had enough of such rush experiments. I repeat—I am not against farmers, but the type of ownership, the method of doing business in each individual case must be chosen depending on concrete conditions. When will we finally learn to evaluate all the consequences, to stop walking blindly or jumping from one extreme into the other? To destroy everywhere today what we have for the sake of the myth of some "horn of plenty" in the form of private farming means to totally deprive the country of food.

We propose a different way. While we try to sort this out, let us put our efforts into sharply reducing the losses in agricultural production, which today are as high as 57 percent. This is where we currently have real reserves for a quick dash forward.

[Snegirev] But we have talked about these losses—quoting different figures, though—for many years; yet so far nobody has managed to cut them—if not entirely, then at least to some reasonable level.

[Rutskoy] First, it is necessary to introduce a system of economic incentives that would compel people in all the segments of the APK to make an effort to preserve the output. Second, we have to involve to a maximum degree the conversion potential of the VPK enterprises in order to develop new, very economic, waste-free technologies for processing agricultural output. In Nizhniy Novgorod, we went together to NII [scientific research institute] Burevestnik, which was in the past entirely devoted to the development of weapons systems; now, as you could see for yourself, they have developed dozens of unique technologies for agro-industrial needs. How many such institutes and design bureaus are there in Russia, whose potential so far has not been tapped!

[Snegirev] It has been announced recently that the state will renew subsidies to agriculture. In this connection, I have this question: Will not the old story repeat itself, when the money was poured with equal generosity into profitable, highly productive farms and also into those that had absolutely no future, which consumed (in food and drink!) this money without any return?

[Rutskoy] In order to avoid this, we propose to distribute the money through state-owned joint-stock land banks. They will become an important link in the orderly system of the market mechanism for regulating relations both inside the APK and in its interaction with other sectors of our economy.

I want to emphasize the following. We have developed a comprehensive state program of transforming agro-industrial production that envisages a phased, balanced reform of the basis of scientific analysis, continuous correction, and broad public control. The market is built into the strategy itself—not as a goal in itself, however, but as a means of achieving the goal. As to the goal itself, it is obvious: to achieve the abundance of agricultural product. By the way, to those who want to learn about this program in more detail and the motives that guided us in its development, I would recommend my book, which is entitled, appropriately, "The Agrarian Reform in Russia."

[Snegirev] Let us move on to another area of your state duties. The vice president was recently asked to assume oversight of the fight against crime....

[Rutskoy] Yes, as they say, from the frying pan right into the fire. This assignment has one thing in common with the other—it is impossible to accomplish no matter how hard you try....

[Snegirev] ?

[Rutskoy] ....if you attempt to approach it from the old, formal campaign, positions. Tangible results in the sphere of combating crime can only be achieved when the environment that feeds the criminal elements is liquidated. Today it is the imperfect economic relations that are evolving in our society. Look at what is happening. People feel themselves absolutely unprotected from the arbitrariness of bureaucrats, frank extortion, racketeering, robberies, street hooliganism. New economic relations are practically unregulated by law, while those laws that do exist do not work—the system of responsibility for their enforcement is lacking. We have been talking for many years already about corruption, but we still do not have a legal definition of what constitutes it. There is no law on civil service. The consolidated statutes of Russian criminal law need considerable revision. There is absolutely no tax system.

The law enforcement organs find themselves in a difficult situation. What we need to talk about is not social protection for those who work in this system, but first and foremost about putting in place serious constitutional guarantees for them.

[Snegirev] You know, Aleksandr Vladimirovich, more than 20 years ago I heard similar thoughts from the then Minister of Internal Affairs Shchelokov. About corruption; about the rights of militia officers; and many, many other things. How much water has flowed under the bridge since then—and we still console each other with the same chant. Do you personally believe in success?

[Rutskoy] We have now found ourselves at the line beyond which, unless urgent and tough measures are taken, the entire of society will face bloody cataclysms. Do you want to wait until the people themselves, in whatever way they can, begin defending from criminals

their homes and their safety, and begin themselves to settle the score with offenders? This is where we are heading.

[Snegirev] Before various audiences, you were invariably asked about your position on the upcoming referendum. You usually answered that you had presented your point of view in your speech at the latest Congress of People's Deputies. It seems, however, that the referendum is going to take place after all.

[Rutskoy] My opinion has not changed. Moreover, now I consider this idea not only untimely, but also to a considerable extent doomed to failure. Tell me: Are you, a journalist, convinced that you can easily answer the questions that are supposed to be put on the ballots?

[Snegirev] No, I am not.

[Rutskoy] What can we say then about the overwhelming majority of the people? There is no time left for them really to get into the substance of the questions posed. Let us say the majority of people will still show up at the balloting precincts. Regardless, can we consider the material we get a reliable basis for radical constitutional changes? And will it not become a subject of further manipulation on the part of some political groups, as has already happened before?

I am for a new Constitution. It is the only foundation upon which we can form a true solid legislative base of the state. If, however, before adopting the Basic Law we want to consult with people, it needs to be done without haste, thoroughly and widely. Otherwise—confusion; otherwise—a new round of increased tension in society. We have had enough of it. We are already so politicized, have rocked our boat so much, that it is already drawing water. It is about to overturn.

[Snegirev] You are calling for a compromise, rejection of confrontation, national reconciliation, saying that without it any reform is doomed. At the meeting in Volgograd you mentioned that such a course ostensibly finds more and more supporters. You have used the word "insight." What should those who have insight rally around, though?

[Rutskoy] One such idea is the idea of strong state power. The experience of developed countries says that without it, neither a true democracy nor a stable, dynamically developing economy is possible. A powerful state is the core that draws us to itself, unites us. We do not have it; that is why the centrifugal forces are so great.

You remember the sharp exchange I had there, in Volgograd, with some representatives of the Don Cossacks. I told them: yes, I am ready to support your proposals to revive old traditions, and I continue to identify with the spirit of the free Cossacks, especially considering that I myself have steppe blood in me; but I categorically object when the atamans bring up the question of separating the Cossack areas into some special administrative units, almost autonomies. To agree to this is directly to contribute to the disintegration of Russia. The glorious Cossack traditions should be put

to work to impart a caring attitude toward Russia. And the warrior spirit can and needs to be channeled into a good cause—for instance, consider the Cossacks a part of the mobile reserve; or entrust them with the protection of southern borders.

This talk of some special status for individual areas, calls for greater independence, for revision of borders are very dangerous; like corrosion, they eat away the public mind. And whenever in the process they point to the "people's opinion," incite passions, there inevitably will be bloodshed. I hope that the people of Russia will have enough wisdom not to become drawn into bloody strife.

[Snegirev] A question about the situation at the military-industrial complex enterprises. Judging by what I saw with my own eyes in Nizhny Novgorod, the situation there is very alarming. There are almost no defense orders; conversion is skidding; there is no money to pay the workers....

[Rutskoy] Many hotheads who called for an immediate reorientation of the VPK toward the production of civilian output have sobered up now. At last! They have realized that it is impossible to just like that, immediately, start producing passenger cars instead of tanks, and home computers instead of warheads. I have to tell you once again what I have already said many times: Here, as in the reorganization of any other industrial sector, we need caution, a phased approach, and strategic calculation.

Let us look the truth in the eyes: the VPK output is very competitive in the world market. How much of this kind of output do we have in other sectors of the economy? Practically none. So why should we cut the branch we are sitting on? Perhaps it would be more prudent to first climb onto another one, and only then, without hurting the entire tree, chop off the branch that is no longer needed?

Assembly shops and plant yards of many defense enterprises are literally filled with output for which there is no more demand—and this at a time when the world is ready to shell out millions of dollars for it. Foreign trade organizations, however, cannot find buyers, citing the MVD's [Ministry of Foreign Affairs] new policy. The MVD, for its part, is trying to protect its purity and says that it is immoral to sell arms. Another extreme. It is naive to think that we will free the world from wars if, to our own detriment, we refuse to export military technology and armaments—this niche will immediately be taken up by producers from other countries.

[Snegirev] How do you feel about the fact that even large defense enterprises are converting to joint-stock ownership? For instance, some aviation plants.

[Rutskoy] It is absurd, of course. And all of this is happening because there is no law that establishes what kind of enterprises must remain state property, which ones may become joint state and privately owned, and which ones may be transferred to private ownership.

Without such a law we should not have started privatization and conversion to joint-stock ownership. What will happen later, when we come back to our senses? Are we going to cut live flesh again? No; what is happening today is not privatization—it is pilfering of state property.

[Snegirev] Aleksandr Vladimirovich, tell me: Is your "team" different from those that have formed around other Russian leaders?

[Rutskoy] It is hard for me to judge others—I do not know much about them. Speaking about the atmosphere that has formed in my entourage, it is distinguished by goodwill, the ability to express one's opinion and to defend one's point of view, and respect for others' opinions. I do not like the word "team." There are quite a few very different people who have converged around the vice president: These are members of my staff (which is, by the way, not large—only 50 people); activists of the People's Party for Free Russia; and simply my loyal friends, advisers, and volunteer helpers. All of us share a loyalty to the idea of the state; we stand on a centrist position, and try to avoid any manifestations of radicalism.

[Snegirev] Are you planning to quit smoking?

[Rutskoy] So far, it does not bother me. On the contrary, it helps remove excessive tension. Generally speaking, however, it would be a good idea.

[Snegirev] What do you do for relaxation?

[Rutskoy] If I manage to spare an hour, I go to a tennis court.

[Snegirev] Have you changed a lot since the time you entered big politics?

[Rutskoy] It is hard to speak of oneself. I am certain of one thing: my convictions remained the same. A politician should not change his convictions, only the surrounding reality.

[Snegirev] You know better than anyone else the sad state of affairs in our state. Nevertheless, judging by all signs, you remain an optimist. What is your optimism based on?

[Rutskoy] What is happening today is, of course, cause for great anxiety and concern. On the other hand, we should not dramatize our life too much, either. And even less so become dejected, give up. Russia has all the potential for revival and future prosperity.

### **Central Bank Seeks Control of Savings Bank Deposits**

934E0121A Moscow IZVESTIYA in Russian 16 Feb 93  
p 2

[Interview with Pavel Zhikharev, president of the Savings Bank of the Russian Federation, by IZVESTIYA correspondent Ivan Zhagel: "Central Bank Seeks to Become Owner of Savings Bank"]

[Text] The Central Bank of Russia has introduced a proposal in parliament about changing Article 41 of the Law "On banks and Bank Activity," which determines the legal status of the Savings Bank of the Russian Federation. If such an amendment to the law is adopted, the largest bank with respect to number of depositors will cease to be a joint stock bank and will be transformed into federal property, management of which will be carried out by the Central Bank of Russia. With regard to this matter, we asked the president of the Savings Bank of the Russian Federation (RF), P. Zhikharev, to answer questions of interest to us.

[Zhagel] Pavel Ivanovich, first of all, with whom did the initiative to change the status of the Savings Bank originate, and did your collective—which, possibly, feared the spontaneity of the market and again asked to be placed under the cozy wing of the state—take part in this matter?

[Zhikharev] For management, for the whole collective of the Savings Bank, the amendment to the law submitted for parliament's consideration was a big surprise. Since we became a joint stock company, all indicators of the bank's work have significantly improved. The number of our customers has increased, we have finally resolved the personnel problem, and on the whole we have ceased to lead the miserable life that we led when, as you say, we were under the cozy wing of the state. It is thus absolutely incomprehensible to us what provoked the central bank's initiative.

Moreover, how is it possible to deliberately change the status of a joint stock company? This seriously undermines confidence in the irreversibility of economic reforms in our country, even without considering that the stock holders of the Savings Bank include 3,500 juridical persons and 120,000 actual persons and that, by changing the status of the bank, the state must find hundreds of billions of rubles to return to each member of the joint stock company his share. Or is it not generally assumed that this is to be done?

And another thing. If the central bank intends to directly manage the Savings Bank, then it is also necessary to re-examine the Law "On the Central Bank of the Russian Federation," which forbids such direct intervention in the operational activity of credit institutions by the central bank of Russia. I am convinced, overall, that if parliament adopts the proposed amendment, the destruction of our currently existing progressive, two-tier banking system will begin and that there will be a return to centralized distribution of credits.

[Zhagel] However, it is said in the accompanying note to the amendment that the Savings Bank is now trying to gain excess profits, is engaging in risky operations in the credit market, and that its actions are incompatible with the state guarantees on which its depositors have always relied.

[Zhikharev] In order to pay the depositors a high rate of interest, which at least somehow compensates for inflation, we must earn a lot. But this does not at all mean that the Savings Bank is acting with a high degree of risk.



All auditing examinations have noted the solid financial condition of the bank and its balanced deposit-credit policy. If the Savings Bank becomes a state entity and gives up its active operations in the credit market, then a high rate of interest can be paid to depositors only through budget appropriations. Where will they come from? Again through extending credit? But this is a perverted conception of protecting the interests of the population.

It is important to note that the central bank is currently the owner of the controlling block of shares in the Savings Bank, and that the chairman of the Central Bank of Russia, V. Gerashchenko, is at the same time the chairman of the council of our bank. This is fully sufficient to control our credit policy. Thus the desire of the central bank to become the sole owner of the Savings bank can scarcely be explained by the necessity of defending the interests of our depositors.

[Zhagel] In the already mentioned accompanying note, the Savings Bank is accused of not striving to satisfy the interests of small depositors. So are you issuing credits to ordinary citizens or not?

[Zhikharev] Approximately 30 percent of our financial resources are currently used for preferential credits. We provide money interest-free or at minimal rates for residential construction, farmers, those who are suffering from losses connected with Chernobyl, militia workers, and other categories of Russian citizens. It is thus hardly possible to consider the accusations directed at us in this regard as well founded.

[Zhagel] You were speaking about your efforts to pay high rates of interest to the Savings Bank's depositors. But nevertheless this rate is now much lower than in other commercial banks, which is causing much dissatisfaction among your customers. Are you trying to resolve this problem?

[Zhikharev] The fact is that of the 740 billion rubles maintained in the accounts of our customers, 285 billion were transferred at one point to the union budget. The Russian government acknowledged its obligation to return this money and officially registered it as a state debt. But the Savings Bank is earning a very low rate of interest from the government on this money, which, naturally, limits our opportunity to raise interest rates for depositors.

We have told the government: return our money, and your headache about where to look for funds to service the state debt will disappear, and we will more fully satisfy the interests of our customers. This issue has already been resolved in principle with the Ministry of Finance. However, until the money is credited to the correspondent account of the Savings Bank, it would be premature to raise interest rates for depositors. We have already learned from bitter experience. But I promise that as soon as the Savings Bank receives its money, we will quickly announce an increase that on average will double interest rates on deposits for ordinary citizens.

[Zhagel] When, in your opinion, can this long-awaited event be expected?

[Zhikharev] I hope that it will happen as early as next week.

#### **SDPR Efforts To Recall Kudyukin**

934E0118A Moscow TRUD in Russian 17 Jan 93  
Evening Edition pp 1-2

[Interview with Pavel Kudyukin, deputy chairman of the Social Democratic Party of Russia and deputy minister of labor of the Russian Federation, by Vitaliy Golovachev, TRUD political columnist; place and date not given: "Pavel Kudyukin: Why I Am Leaving. An Unusual Case in Our Political Life: Party Plans To Recall Its Representative From the Government"]

[Text] An unexpected and, it can be said, a sensational report: one of the Russian parties plans to recall one of its representatives from the post of deputy minister. The situation is rather unusual for us, and for our beginning democracy. As is generally known, the Government of Russia is formed not on a coalition, multiparty basis, but entirely according to the principle—teams of economists, of like-minded persons, and of democrats. But there is a question in this case as to whether a public organization, let us assume, a party, can recall someone? And what is the reason for this move?

A special acuteness is given to this situation because the issue concerns a person over whom lances are broken and passions boil: He is branded "an intriguer who conducts the policy of an American labor union center," and a "wrecker of the FITUR [Federation of Independent Trade Unions of Russia]"; others see in him a serious analyst and a rising star on the political horizon. And all of this is about Pavel Kudyukin, the 39-year-old deputy minister of labor of the Russian Federation, who is simultaneously the deputy chairman of the Social-Democratic Party of Russia.

By education an historian (he graduated from the history faculty of MGU [Moscow State University]), Kudyukin from his youth was noted for his free-thinking. In the 1970's, he actively joined the political struggle, he became a dissident, and ended up under the surveillance of the KGB. At MGU, he defended his diploma with honors on the subject of "The Ideological Prerequisites of the Economic Reform of 1965," but he, a dissident, was only given a job as a senior laboratory assistant. He later did graduate work and a thorough study of the international workers' movement....

This is the visible part of the "iceberg." But there was another sphere of his activity, about which only a few people knew. From 1976 Kudyukin, with a group of like-minded people, participated in the publication of the samizdat almanac VARIANTY. From March 1979, a regularly published journal was added to this that was at first called LEVYY POVOROT [LEFT TURN], and later—SOTSIALISM I BUDUSHCHEYE [SOCIALISM AND THE FUTURE].

In December of 1981, Pavel Mikhaylovich was accepted for work in the Institute of World Economics and International Affairs. But his joy was short-lived: After only a few months, he was arrested, in April 1982. The charge: anti-Soviet agitation and propaganda and the establishment of an anti-Soviet organization. His comrades were also taken—Yuriy Khavkin, Vladimir Chernetskiy, Andrey Fadin, Boris Kagarlitskiy, and others.

Kudyukin was jailed in Lefortovo, in a cell for three people, awaiting the sentence. In the meantime, the case had wide repercussions abroad. The Italian Communist Party, the 16th Congress of the Socialist International, and many well-known public figures expressed their views. The minister of foreign affairs of France raised this question in official negotiations. Whether this produced an effect, or whether for other reasons, after 13 months, Kudyukin and his comrades were freed. No, they were not acquitted in their "pardon," although there had been no trial in any case. Carrying a little bundle, he left the somber building of Lefortovo prison, got on a streetcar, and went to the Yaroslavl Railroad Station, and from there—to his home in Zagorsk.

In the next seven years, especially in the "years of perestroika," Kudyukin devoted himself in various institutes to questions of the sociology of labor and of collective labor disputes. In 1990, he became one of the organizers of the Social-Democratic Party of Russia (SDPR). It is this party that is recalling him today from the post of deputy minister of labor. Our interview, naturally, started out with this unusual fact.

[Golovachev] Pavel Mikhaylovich, does the party have a moral and legal right to "recall" you, no matter what position you held? After all, it was not the party that appointed you a deputy minister?

[Kudyukin] But it recommended me for this post. The directive on my appointment was signed by Gennadiy Burbulis, the then first deputy chairman of the government.

But the story here is really not quite usual for our political life. The SDPR was one of those parties that in 1991 officially nominated the candidacy of Boris Yeltsin for the post of president of Russia. In the summer of the same year, Leonid Volkov, one of the leaders of the party, came to an agreement with Yeltsin and Burbulis that, considering the role of the SDPR in the democratic transformations of Russia, the portfolio of the minister of labor in the new government and the position of deputy minister would be given to a candidate proposed by the Social-Democrats.

In August, the plans for the renewal of the government were disrupted by the putsch, which was concluded with a victory for the democrats. The agreement with Yeltsin and Burbulis remained in force.

For the position of minister of labor, the SDPR recommended to the new reformist government the appointment of Aleksandr Shokin, the director of the Institute of Employment Problems (incidentally, not a member of

the SDPR), and me as his deputy. Shokin knew about these proposals and agreed with them. On 6 August, long before the formation of the whole governmental team, he was appointed minister of labor. And on 11 November, Burbulis signed the directive on my appointment....

Thus, if we are to talk about the substance, I was assigned to work in the Ministry of Labor exactly by the Social-Democratic Party. And it, of course, has the right to recall me.

[Golovachev] Do you subordinate yourself to the demands of the party?

[Kudyukin] Of course, because I agree in principle with the position of the political soviet.

[Golovachev] Why do they intend to adopt such a decision? It seems that you have far more opportunities to influence the policy in a very important sphere of labor relations, being a deputy minister?

[Kudyukin] Leaving the Ministry of Labor has its pluses and minuses. Here, you really have your finger on the pulse, and can in some measure influence the situation. But you should not overestimate this influence. Nevertheless, the policy is determined most of all by the minister, and in a more general sense, by the government. By participating in the daily work of government organs, it is as if the party shares responsibility for the policy that is being conducted, even if it does not agree with it in absolutely everything. When you cannot effectively influence the situation, it is better to leave.

[Golovachev] It seems that you are leaving the present post for reasons of principle? What does the SDPR not agree on with the present government?

[Kudyukin] Its principle mistake is its serious underestimation of the social questions in the conduct of reforms. No matter how severe the economic conditions are under which the reorganizations are taking place, the social problems could occupy a more deserving place. It is now perceived as an annoying makeweight to reform, and they are making decisions according to the residual principle, with purely inflationary methods, and in a helter-skelter manner.

Up until now, the present government (for the two months of its existence) has still not defined its policy clearly. Specific mechanisms to implement the program cannot be seen behind the general and at times contradictory theses. The impression is created that the government is not capable of restoring the management of the economy and is displaying helplessness, although it is also attempting to maintain the backbreaking volume of regulating functions. The economy is struggling in the vise between criminalization and the domination of the old management. Privatization, basically, is occurring in "nomenklatura" forms, and it is not creating a new effective and social responsibility of the property owner.

The main thing is that the life of the people continues to get worse swiftly. I do not know alternatives to shock methods, but they are far from the ideals of social

democracy. Many of the objectives that the government proclaims remain empty declarations. For example, the creation of a stratum of small property owners and support of small business—where is it? As before, the authorization and not the registration principle operates in the sphere of entrepreneurship. It also is impossible to receive credits, premises, and equipment for new business starts. There is no protection against rackets and gangster attacks, and the taxes are exorbitant. There are numerous examples like this. Liberal phraseology covers the continuation of domination by state structures.

Thus, what has not been achieved yet is either a structural perestroika, a strengthening of the ruble, or a tough credit and monetary policy. Today, virtually no variants remain—the choice, speaking in the words of John Galbraith, is between the unpleasant and the disastrous, between hyperdeflation and hyperinflation. It is obvious that a worsening of the position of the population is inevitable under either variant. But we must not shy from side to side and involve ourselves in endless discussions, but, after choosing a path, move forward. Be it through a slump and unemployment (within certain limits), but forward, with the help of structural perestroika and other positive changes. Unfortunately, there is none of this now. "Slippage" will lead to the fact that the sacrifices and the calamity of the people are approaching the critical point. That is why the Social-Democratic Party cannot participate further in the work of the government.

[Golovachev] Is the SDPR going into opposition to the government?

[Kudyukin] No, I would not say that. But we also do not intend to assume responsibility for its mistakes, indecision, and underestimation of the importance of social questions.

[Golovachev] Is this tough assessment of the activity of the government also applied to the Ministry of Labor, where you work? If the party had not recalled you, would you have remained, or would you, nonetheless have left sooner or later? Do you have disagreements with the new minister who came after Shokin, and with other directors of the ministry?

[Kudyukin] The atmosphere at the ministry is changing noticeably, and conservative tendencies are beginning to show themselves more and more clearly.

I work in the Ministry of Labor on legal questions, on problems of collective disputes and social partnership. In particular, I take part in the work of a trilateral commission (the government, employers, and trade unions). The trade unions have 14 seats on this commission: The FITUR has nine, and other trade union centers that emerged relatively recently have five. The old trade unions; that is, those organized on the basis of recent state trade unions, "those in the pocket," are desperately opposing strengthening the influence of the new trade unions. Meanwhile, despite the relatively small number, the role of the latter in the life of society is increasing rapidly. So, for example, the Independent Trade Union

of Miners of Russia numbers from 60 to 100,000 persons. But without this trade union, it is almost impossible to organize a strike in the coal industry, or to stop it. Other new trade union centers are also gathering strength. But the FITUR is quite a different picture: Its authority is dropping, which is indicated, in particular, by the unsuccessful "days of action."

Nevertheless, FITUR leaders are trying to "squeeze" the other trade union centers and at their expense to increase the number of "their own" seats on the commission. In my view, the situation here is obvious. Unfortunately, the leadership of the Ministry of Labor is inclined to support the old trade unions and their demands. However, it is not only in this that the conservative tendencies are showing themselves in the ministry. The Ministry of Labor, in my opinion, alas, has not become the flagship for conducting a new and thoroughly thought-out policy in labor relations, and life will very quickly reveal this vividly.

[Golovachev] Does the SDPR have an alternative economic program that would make it possible to get out of the crisis with few losses?

[Kudyukin] I must honestly say: No. Today, no one can show the path that will guarantee 100 percent success.

[Golovachev] It is said that after you leave the Ministry of Labor that you will become a representative of an American labor union (AFL-CIO) [American Federation of Labor-Congress of Industrial Organizations] in Russia.

[Kudyukin] No, there is an AFL-CIO representative in Moscow, and he will continue his work here. I have had an offer to head the new Russian-American Institute of Trade Union Research and Education. The institute is being established with the assistance of the AFL-CIO to help the new trade unions and the changing old ones.

[Golovachev] What will this help be—in dollars?

[Kudyukin] No, mainly of a training and consultative nature. The training of trade union personnel will be conducted in different ways: In some cases—with a several months break from the main job, and in others, at seminars that could last 7-10 days. The seminars and schools will be organized in different cities of the country, with the involvement of authoritative specialists in the trade union and labor movement. Trips of trade union activists to other countries to study foreign experience are also not ruled out.

The new institute should assist in "building bridges" between the labor movement and the intelligentsia. The present arrangement noticeably weakens the democratic process in Russia. The press is also remote from the labor movement. The institute will become something of a unique club, a place for contacts of workers, trade union leaders, journalists, lawyers, economists....

[Golovachev] On whose funds will the institute be established, and how much will be needed?



[Kudyukin] The funds are being allocated by the AFL-CIO. How much money will be needed? I think several million dollars.

[Golovachev] And the last question. Up until now, you spoke on the side of the government, and now you intend to help strengthen the worker and trade union movement. Will this movement not become a "battering ram" of destructive force in a struggle with the government and other authoritative structures, and will this not interfere with democratic reorganizations?

[Kudyukin] Both state officials and leaders of the worker and trade union movement must learn social partnership. It is this kind of partnership that will replace destructive fervor with creative work. Without an organized labor movement that has clear and specific objectives, it will be very difficult to preserve democracy in Russia.

#### **Asker Nekhay Appointed First Deputy Chairman of Trade Committee**

934E0103A Moscow KOMMERSANT-DAILY  
in Russian 5 Feb 93 p 10

[Article by Valentin Nikolskiy under the "New Appointments" rubric: "Two Become First Deputies in the Committee on Trade"]

[Text] Chairman of Russia's Council of Ministers Viktor Chernomyrdin has appointed Asker Nekhay as first deputy chairman of the Committee on Trade (see KOMMERSANT-DAILY 4 February). Insofar as the same post was offered quite recently to Fedor Marchuk (see KOMMERSANT-DAILY 19 January), the Russian prime minister was required at the same time to change last year's governmental decree not permitting the chairman of this committee to have more than one first deputy.

Born in 1939, Asker Nekhay graduated from Krasnodar Polytechnic Institute with the specialty of construction engineer. In 1990-1991 he served as general director of the leased enterprise Krasnodaragropromremstro; in 1990-1991 he was deputy chairman of the RSFSR State Committee on Material-Technical Supply for Republic and Regional Programs. In 1991 Nekhay was appointed deputy minister of trade and material resources of Russia.

A peculiarity of the new appointment in the Trade Committee is the fact that Prime Minister Viktor Chernomyrdin had to correct a previously adopted governmental act. Decree of the Government No. 739 of 22 September 1992, "Matters of the Russian Federation Committee on Trade," authorized this department to have "five deputy chairmen, including one first deputy." It is this provision which was changed: Now among the five deputies, two are first deputies. Mr. Nekhay became the second of these, adding to his title the prefix "First."

According to KOMMERSANT-DAILY information, the January appointment of Fedor Marchuk as first deputy

chairman of the committee already presupposed structural changes in the committee. Insofar as a change in governmental decrees for the sake of a formal appointment to a position is a fairly rare phenomenon, KOMMERSANT-DAILY experts believe that what we are seeing today is a precise demarcation of functions in the Committee on Trade: Part of the apparatus will be responsible for internal shipment contracting, while another will carry out the foreign trade aspect.

At the same time, taking into account the prime minister's intention to stiffen sanctions with respect to those who violate trade regulations, the committee will ensure control over trade practices. According to the draft presidential edict on the fight against illegal trade activity in foods and consumer goods, drawn up in the Ministry of Justice, the Committee on Trade bears responsibility (along with law enforcement organs) for the observance of trade legislation.

#### **Industry, Port Economic Difficulties Cited**

934E0073A Moscow TRUD in Russian 10 Feb 93  
Evening Edition p 2

[Article by TRUD correspondent Dmitriy Struzhentsov: "Minus Vouchers, Minus Shares... Nomenklatura Surprise for the Baltic Shipbuilders"]

[Text] St. Petersburg—It is difficult today for those who were associated with the defense industry. Financing from the state budget, it can be said, has ended, and there are no new defense orders. How are equipment, highly qualified collectives, and design and technological details to be preserved? In short, wherever you look, there is a problem.

Credit must be given to the managers and trade union committees of many St. Petersburg enterprises which have been able under these very complicated conditions to reach wise decisions, display swiftness, enterprise, business acumen... For the time being, not one of the "flagships of Leningrad industry" has become bankrupt, and not one has sunk in the sea of chaos and confusion. All of them are "afloat," and not owing to the concerns of the state but rather in spite of it. The Elektrosila, Kirovskiy, Izhorskiy, and Metallicheskiy plants, and the shipyards, are alive.

The growing sense of responsibility for the property acquired as a result of joint-stock company shareholding provided relative stability to the collectives of these enterprises. However, today the question of the long-awaited stability is at a different level: How long will the plants remain "afloat," if they have to defend their right to independence in disputes with the leadership almost every day?

Well, for example, the Baltic plant is already registered as a joint-stock company. Judging by everything, the last defense order is still being worked on here—the cruiser Peter the Great. Its completion is proceeding with agonizing difficulty: Orders for components are not being filled, and the government continuously "forgets" about



financing an order. Nevertheless, even under these conditions the shipbuilders have not fallen to the production of frying pans, small stoves, and other articles, whose manufacture allows for survival, while at the same time causes professionalism, experience, personnel, and even self-respect to be lost. Another path was chosen here. Having established a joint-stock company, they drew on the resources of companions, found customers, and on those same building berths where not long ago the structures of cruisers towered, the graceful hulls of entirely peaceful and very necessary vessels are now being assembled.

Funds appeared, and the Baltic sailors got a "taste" for profits, and suddenly... On the very eve of the new year of 1993, a "little gift" arrived on the Neva embankment from Moscow, a government directive actually banning the conversion to a joint-stock company. But what was to be done with the officially formed joint-stock company, and with the shareholders? What can the Baltic plant do—make a complete 180 degree turn? After all, it is already too late: "The process went through."

Perhaps things did not go well only for the shipbuilders, for those who in one way or another are associated with the fulfillment of defense orders? That was not the case! The St. Petersburg seaport was always an especially peaceful and commercial enterprise. Here is the opinion of Gennadiy Zaytsev, chairman of the port's trade union committee.

"We see the future development of the port only through a joint-stock enterprise. If we are able to earn the resources, including hard currency, and if we are granted the right to use them independently—the port will have a future. If everything is left in the hands of the bureaucrats—there are no prospects. That is why there is not a single opponent to the joint-stock company in even one subunit of the port."

I will remind the reader: After the dissolution of the Union, the St. Petersburg commercial seaport was Russia's largest modern port. Without these "gates to the ocean," Russia simply will not survive. In addition, this is one of the few large enterprises of St. Petersburg that not only is not reducing the volume of production (the volume of cargo handling), but, on the contrary, is increasing it from year to year. Moreover, only seven to eight percent of this total volume is for St. Petersburg—the rest is for Russia and nearby states.

G. Zaytsev, chairman of the trade union committee, and O. Terekhov, chief of the port and chairman of the association of seaports of Russia, and everyone with whom we had occasion to talk, tie their hopes to the Law on Privatization of Enterprises. The dockers also comment approvingly on the Goskomimushchestvo [State Committee for the Management of State Property] of the Russian Federation directive "On the Features of Conversion to Joint-Stock Ownership and Privatization of Seaports," and this document has become a reference book for managers here.

Last year, the port was registered as a joint-stock company, and was ready for work in its new capacity. But far from it. On 10 January another Goskomimushchestvo directive appeared (No. 19-R), which radically changed the conditions of converting the port to joint-stock ownership.

"This event was a surprise to me," says O. Terekhov. "There were no preliminary conversations with us in this regard. We were not invited to the Goskomimushchestvo meeting."

What is the gist of the new directive, and why did the dockers become so agitated? The fact is that subscriptions for stock had already been conducted, and all the shareholders knew about the conditions under which they invested their shares and about the fact that the joint-stock company would manage profits independently. And, suddenly, a document is announced that orders the establishment of a state administration in the port with the same rights as the board of the joint-stock company. In other words, the authority of the bureaucrats is established once again. First, this is an obvious infringement on the independence of the joint-stock company, and, second, this is a programmed conflict between the new administration and the port board. And finally, these are unnecessary expenditures to the shareholders for the support of a staff that promises to be powerful.

The new directive shook up more than just the chief of the port. For several days in a row there have been meetings of the trade union committees of the port and of the dockers and machine operators, and improvised meetings of workers are taking place. The dockers sent a telegram to the president of Russia.

It states, in particular: "Reaching any decision without taking into account the opinion of the collective at the stage of actual termination of joint-stock ownership could lead to extreme exacerbation of the situation at the port and disrupt its stable production activity."

The innovation did not only stir up St. Petersburg residents, but O. Terekhov, president of the seaport association, convened an urgent meeting of the association. Even A. Veshnyakov, chairman of the water transport subcommittee of the Supreme Soviet of Russia, came to the meeting. It became clear that none of the representatives of the Russian ports or the guests from the capital knew anything about the "surprise" being prepared by Goskomimushchestvo. Perhaps the reason for the appearance of the puzzling document is the fact that the government is afraid of losing its influence on ports? But this assumption was not considered serious. In fact, how can the government lose its influence on the activity of enterprises, if the moorings, buildings, territory, and terminals remain its property? After all, only the loading and unloading equipment is actually being converted to joint-stock ownership. Moreover, as before, the state order remains the priority for the port, and the main package of stocks remains in the hands of the state.

Evidently, the problem lies elsewhere. A report appeared suddenly in the St. Petersburg press that apparently the reason for the strange decision is that "...the privatization plan and the joint-stock charter are overloaded with arbitrary interpretations." Forgive me, but this is reason to do more work on the document, not change the conditions of privatization. At the meeting, one more "justification" was cited for directive No. 19-R. "Minister of Transport V. Yefimov did not give his consent to conversion of the seaport to joint-stock ownership."

Why not confess that the central structure does not want to lose its influence and management over large facilities. After all, all it will take is for the latter to acquire economic independence, and immediately the question will arise about the need for ministries, departments, and various bureaucratic "preserves" for which, as life shows, there is not much use.

Today, the conversion of St. Petersburg industry to joint-stock companies is supported by the shipbuilders, dockers, machinebuilders... By hundreds of thousands, perhaps millions, of workers of various professions. What is more, the Russian law proclaimed the policy of privatization and conversion to joint-stock companies. However, not everyone is following it in practice. There is only one reliable method of avoiding the arbitrariness of bureaucrats—compel them to observe the law.

#### **State Property Committee Plans To Revitalize Select Bankrupt Enterprises**

934E0098A Moscow TRUD in Russian 12 Feb 93  
Evening Edition pp 1-2

[Article by V. Golovachev, TRUD political correspondent: "A Chance for the Drowning"]

[Text] What is the meaning of a secret telegram from Goskomimushchestvo [State Committee for the Administration of State Property], which suggests compiling a "black" and "white" list of insolvent enterprises?

The Damocles sword of bankruptcy which is hanging over many Russian enterprises, it appears, is ready to bring its shattering blow down on all those who are not in a position to swim in the stormy sea of our economy. After long, fruitless talk about insolvent plants in debt, a stage of practical activity began with an official telegram from A. Ivanenko, first deputy chairman of Goskomimushchestvo, sent to all regions of Russia the other day.

This document, which the Russian State Committee on Administration of State Property is for some reason not particularly seeking to advertise, merits, in my opinion, exactly the opposite: broad public attention, for everything related to bankruptcy, to the fate of enterprises, of tens of thousands of people, should be in the public eye, should take place publicly and openly. The telegram actually concerns thousands and thousands of plants, factories and combines. It proposes that regional committees for property management compile two lists of insolvent debtors.

The first list: enterprises which, by reorganization and economic improvement ("clearing up"), can, in the opinion of specialists pull themselves from the brink of bankruptcy. The second list, so to speak, is the "black" one: it will contain those for whom the prospect of rapidly going to the bottom as the result of inefficiency and the complete lack of promise of the enterprise is quite real. For them, clearing up—as a dying fomentation needs immediate revivifying, that is, respecializing—is possibly, the sale to a rich owner, and at worst—closing.

Why were these lists, the compilation of which should be completed in a very short time—before 15 February—required? By no means for idle curiosity. From the first list, Goskomimushchestvo specialists will pick out a few enterprises, which will be shown to the entire country as an example of what "clearing up" and improving a "sinking" plant or factory means. For this, of course, there must be not only the agreement of the work collective and management of the enterprise, but also a formal request in writing to carry out the clearing up. Incidentally, I think that few of the work collectives will turn down this possibility of "swimming" in our difficult times, if only considering the fact that the success of the demonstration operation, with the support of Goskomimushchestvo, the Ministry of Economics, the banks and other powerful patrons, will be almost 100-percent guaranteed. The only ones who may be against it are the directors, who will hold on to their soft chairs and fear that they may be replaced. At first the idea was to select enterprises in Moscow Oblast—they are closer to the capital and are more convenient to deal with. The specialists of Mosoblkomimushchestvo got down to compiling a list of those who want to carry through a clearing up. The matter has for some reason, though, just managed to "keep alive"—the directors are in no hurry to demand it. They are probably afraid, and the work collectives have not been informed. The enterprises will therefore most likely be selected from various regions of the country.

The final selection of three to five plants is left to Goskomimushchestvo. They should be enterprises that are not very large, whose debts to the creditors are not astronomical, because engaging in clearing up specifies (according to the Law on Bankruptcy) not only converting an insolvent enterprise into a profitable one, but also guaranteed recovery of all the creditors' debts.

Just which plants have the best chance of finding themselves among those reorganized as an example? Obviously, those whose output today is particularly needed by the population. For example, plants of the food industry, those producing building materials.... There are over 180 enterprises in Moscow Oblast producing building materials, but many of them are now on the rocks. Meanwhile, these products, if you conduct business skillfully and do not inflate prices sky high, will always be in demand, and the expenditures for reorganization will be quickly paid back.

The specialists that Goskomimushchestvo is drawing into this work, however, may choose any other plants.

The selection of a few enterprises at which to carry out the clearing up is half the job. After that, specialists must be found who would help to implement the breakthrough from potential bankruptcy to a prosperous firm. These specialists are called "competitive, or arbitration managers." There should also be financiers and experienced business managers and administrative specialists. Regional committees for property management will propose the candidates, who will pass through the "sieve" of Goskomimushchestvo experts.

The decisive word, however, is left for the Arbitration Court. It is here that the petition of the debtor enterprise for so-called "outside management of plant property" should be handed in, as well as a list of candidates for arbitration manager.

Goskomimushchestvo specialists would like to find "uncomplicated" enterprises, so that they can lead them out of the breakdown in only two or three months. This, of course, is a very difficult task, but even if six months or eight months are needed for the "cure," the goal will be achieved all the same. The main thing is to show, to demonstrate graphically, that with the initiative and skill of economic activity, many enterprises can be saved. For this, one must not sit back with folded hands nor display dependence, cadging the next sops from the state, but must act energetically and creatively and find a way out. Otherwise, they will not keep afloat under the new conditions.

Why would the specialists want to carry out demonstration improvements quickly—in two or three months? Not just because this will be a graphic school for hundreds of other plants. Once the "technology" has been "broken in," specific recommendations can perhaps be given to regional committees on property management, so that they can carry out similar work in various oblasts of the country.

This widescale experiment has been entrusted to Goskomimushchestvo and the Ministry of Economics. At the first stage. In the near future, though, a federal agency will be created for insolvency and bankruptcy. The Law on Enterprise Bankruptcy will go into effect on 1 March. Before then, not only must the necessary institutions be set up, but the working out of a packet of documents, which are already "in publication," must be completed. A great deal will depend on how these first actions, which are slated to be carried out in the near future under the Goskomimushchestvo aegis, will go. It is very important to avoid its becoming just a "show," externally effective, demonstration clearing up under hothouse conditions, far removed from real life.

Just what will happen to the "black" list, to the enterprises which cannot be considered for the support of the specialists of Goskomimushchestvo and the Ministry of Economics? The Goskomimushchestvo specialists, apparently, will pick out the insolvent enterprises from this list to show demonstration bankruptcy.

In our country, the prospect of bankruptcy is usually understood in the form of the worst variant: the plant is shut down and the people are thrown out on the street. This is by no means always the case, however. After all, the first goal here is not to close the plant, but to replace the owner and to find a skillful boss (a different enterprise, a joint-stock company), who would be ready to take on the bankruptcy under certain conditions. What conditions? For example, not reducing the number of workers of the plant being purchased by more than a certain percent, and setting up the output of products in demand (not using the plant, let us say, as a garage or warehouse).

In this case, the main contingent of workers of the bankrupt enterprise should not lose, but should win: the many weeks of leave "at their own expense" will cease, the wages will be not 2,000 or 3,000 rubles, which is the practice today at insolvent plants, but will become standard. In a word, it is a question of the rebirth of the formerly bankrupt enterprise under a new manager. It is on this plane that the first demonstration bankruptcy specialists of Goskomimushchestvo, in conjunction with the regional committees for property management, intend to proceed. In the future, these committees should come forth primarily in the role of a middleman, who helps to find a purchaser, a sponsor....

Some enterprises, of course—inefficient, hopeless—will probably not be able to keep afloat and may be closed, but all the property will be sold at auction without any conditions. This will be the very last thing, however and, it would be nice to hope, not the most mass variant. At least this is the way the Russian Goskomimushchestvo sees this problem.

In any event, all the lists must be published, so that the labor collectives know the true state of affairs, and seek a way out along with the specialists. Under the conditions of the rigid credit-finance policy which the government intends to follow, bankruptcy, understandably, cannot be avoided. This means that we must get ready in advance, try to find wealthier purchasers and do everything to soften the blow maximally.

Approximately 30 percent of the enterprises in Russia are insolvent today. Ten thousand plants, factories and construction organizations are sending out an "SOS." There are not enough life-saving groups for all those in the state, though. For many of them today, the only way out may prove to be support using their own resources, sharpness, initiative and quick-wittedness.

#### **Commission Chairman Discusses Pension Fund, Social Insurance**

934E0098B Moscow TRUD in Russian 12 Feb 93  
Evening Edition p 2

[Interview with Mikhail Lvovich Zakharov, chairman of the Commission for Social Policy of the Council of the Republic of the VS RF, by Nadezhda Nadezhkina: "Elderly People's Money—Will Pensions Become the Cause of Inflation?"; date and place not given]



[Text] Our collocutor today needs no introduction. Mikhail Lvovich Zakharov, chairman of the Commission for Social Policy of the Council of the Republic of the VS RF [Supreme Soviet of the Russian Federation], is quite well known to our readers through television broadcasts, meetings of the Supreme Soviet and newspaper publications. He is a doctor of Jurisprudence and a specialist on the problems of social policy. For many years he worked in the organs of social security, trade unions and the Ministry of Finance. The subject of his doctoral dissertation was a unified pension system in the USSR, and he is the author of the Russian Pension Law.

[Nadezhdina] Mikhail Lvovich, after the Supreme Soviet passed the resolution on indexing pensions, there was no let-up in the criticism leveled at the parliamentarians in the mass information media and the speeches of government members: they said that with their resolution they had urged on inflation in the country, which meant worsening the situation of the pensioners themselves....

[Zakharov] Yes, there was criticism. But was this criticism conscientious? Was the resolution of the Supreme Soviet really such a surprise? No. It was preceded by the passing of three laws, which determined the mechanism for calculating pensions and the system for indexing them. In a civilized country, the government should have passed these laws. In our country, the additional resolution of the Supreme Soviet was necessary. If it were not for the persistence of the parliamentarians, the pensions for our old people would not even be enough now to live for six months.

What is the tragedy of our pensioners? They have no savings. The trifling ones that they did have—inflation has eaten up. Just like every Soviet person, they have never had any property, which helps people throughout the world to live comfortably in their pensioned-off years. This means not only real estate, but also a sufficient amount of household possessions and clothing. Finally, they cannot count on help from their children, because the children are in the same calamitous situation as the old people.

Increasing pensions was by no means an arbitrary rule of parliament, it was because during October-December, the prices for basic food products rose by a factor of 1.9. The pensions equally increased just as much on the resolution of the Supreme Soviet. It was impossible to survive any longer on the minimum, which approximately 40 percent of our pensioners receive.

All the talk about the fact that some people are getting huge pensions is simply groundless. There are only two categories of citizens in our country with relatively large pensions. The first consists of disabled veterans. If they could still earn a living—and their health has by no means made it possible for all of them—they received two pensions. Take it away from them? It appears no one would go as far as this absurdity. There are only 200,000 disabled veterans left, and they grow fewer with every year. The second category consists of the higher officer

staff, or rather, the generals. Pensions really reach tens of thousands here. The system of calculation is completely different: it comes not only from the salary, which was raised not long ago, but also all the other payments, including the cost of rations, which is now very high. The Supreme Soviet has now presented a new plan, which will again increase the generals' pensions. Our commission is objecting. Is it really permissible: the maximum pension of a mine worker cannot be more than 3.5-fold more than the minimum, and there are tens of thousand here.

Now, about inflation. We know that in December the average wage throughout the country reached 16,000. What are pension rubles in this sea of money? Moreover, it is hopeless to hold back inflation only by cutting incomes. After all, the main reason for it is the industrial crisis, the reduction in the production of consumer goods, the unrealized demonopolization, the endless loans and the inability to collect taxes. Another thing: only the pensions of servicemen and disabled veterans require budgetary expenditures—for all the rest, there is a reserve in the Pension Fund.

[Nadezhdina] By the way, about the Pension Fund. Quite a lot of censure of it has been heard. They say, they lend the money on interest and then spend it on their own needs—increased wages for the associates and trips abroad, while they do not have the funds needed for social assistance.

[Zakharov] It is probably really time to clear this up. It seems to me that one of the successes of our commission is the creation of Russia's Pension Fund. It was organized in the bosom of the former Union. We insisted on making the Russian Pension Fund independent, because 40 percent of what our enterprises contributed went to other republics, and the level of pension insurance was miserly. When the fund was allotted, it gave the possibility of getting our own Russian Pension Law.

How is the fund formed? The main source is from the insurance contributions of the enterprises. Last year—31.6 percent of the wage fund, and now 28 percent. We ourselves have resorted to a cut back, in order to ease the burden on the employers. The second source—the payments of the citizens themselves, one percent of their wages. They pay these dues regularly, much better than taxes. They try to evade taxes by every possible method, and literature on this has even appeared—how to legally avoid paying taxes. The Pension Fund, though, is a sacred thing. Therefore, we now have in reserve 180 billion rubles [R]—a sum sufficient to cover the present increase in pensions.

Meanwhile, there is a lot of the most fantastic talk about this reserve fund. First the minister of Social Protection names a figure of a trillion rubles, then the minister of Finance—R700 billion and, finally, the latest proposal—immobilize R204 billion. I repeat: there are no such sums, and there is nothing to immobilize. The very approach of the Ministry of Social Protection seems fallacious to me: there is no need to increase pensions, it

is better to help the most indigent people and to open charge-free dining halls and doss-houses. It is all topsy-turvy. Indeed, in order to avoid having people who need doss-houses and free dining halls, we must not permit the complete pauperization of the pensioners.

Indeed, some workers have left for abroad, because the Pension Fund became a full member of the International Association of Social Insurance—to which, incidentally, on the request of the government, it made obligatory payments at its expense. The fund does not rent out a single room of its facilities. In the first six months, 200 million was used as loan capital, with the permission of the Supreme Soviet. This yielded a profit, which was spent to pay pensions. All this is confirmed by documents. Things should work like that throughout the world! Unfortunately, though, in the second six months, they could not do this, because, after all the talk about the need to immobilize the capital from the Pension Fund, the budget for it was not approved by the Supreme Soviet.

[Nadezhdina] The Supreme Soviet is approving the budget for the Pension Fund. Under whose jurisdiction is it?

[Zakharov] Strictly speaking, no one's. It is an independent, as was said in the statute, finance-credit institution. It is accountable to the Supreme Soviet, though. Now the government wants it to pass into the jurisdiction of the executive power. Do you think that there will be money left to index the pension payments then?

In principle, however, the Pension Fund should be completely independent. Throughout the world, the insured parties, that is, the ones who pay—the workers and the insured people themselves—manage insurance affairs. I am sure that we will come to this as well.

[Nadezhdina] Since you have touched on insurance matters, let us also talk about social insurance. Right now the trade unions manage it. They have a very painful reaction to the demand to make social insurance independent as well.

[Zakharov] The situation is ticklish. Formerly, there was one trade union, let us say straight out—the state—and it performed these functions, since it was profitable for the state, sometimes to the detriment of the workers. They did not give a pat on the back, to put it mildly, for overexpenditure of funds to pay subsidies for temporary disability. They tried to worsen the social insurance system. To this day, after all, no subsidy is paid for the first five days with a domestic injury. This is, really, an ordinary insurance case. Or the demand for 18 years of service for full payment of a medical certificate. How can a young person, who is only starting to work, have this sort of length of service?

The point is not only in this, however. The trade union movement is breaking up. We already have about 100 trade union associations. Some have already emerged at the republic level, and others are on the point of making it. Each one, in accordance with the law, requires a part

of the social insurance funds. So we can reach the point where each trade union organization will say: I am beginning to spend money at my own discretion. Then what will the light industry do, where there are women's collectives, where there are many medical certificates to care for children, for pregnancy and childbirth? After all, the ideology of social insurance lies in redistributing resources among the insured. In all countries, the system of social security is supported by the solidarity of the workers. Incidentally, nowhere but in our country are trade unions not in control of this sphere.

Another thing. For the time being, almost everyone in our country is a trade union member. Three or four years will pass, however, and it will be as it is in other countries: the trade unions will have 25-20 percent, and perhaps 10 percent of the workers. So why should the trade unions not control the social insurance funds for those who are not trade union members?

It is not superfluous to look at this: how will they control them? We organized an independent check, drawing in good specialists, including from trade unions, of how the federation of independent trade unions is managing social insurance. It was revealed that these funds were simply mixed in with the trade union budget. Money was loaned to some commercial structures without any interest, and the publication of the newspaper was financed.

We have therefore posed the problem of taking away this entire system from the trade unions and creating a new structure to manage the social insurance funds. As soon as it was a question of this, thousands of protest telegrams began to be received. I think the command was given throughout the trade union lines to express "indignation." It ended up with the Supreme Soviet entrusting our committee, with the participation of the government and public organizations, including the trade unions, with the task of drawing up a law on social insurance. First of all, though, in my opinion, the problem of its management must be solved. Our idea is a simple one—this fund should be independent, and only then will we be able to avoid confusion and abuse.

[Nadezhdina] Let us return, however, to pension matters. According to the resolution of the Supreme Soviet, all pensions are being raised by a factor of 1.9. After all, though, the pensions of war veterans and home front workers have already been increased above this. For whom specifically, and on what scale?

[Zakharov] In principle, pension indexing, given the rise in prices, should take place every three months. If, however, the receipts to the Pension Fund are reduced (I have already said that this year the tax withholdings were reduced, and moreover, unemployment may increase, and this means a cutback in the general wage fund), two routes are possible: either return to the former rates of withholdings or give up the principle of proportional increase, particularly of the maximum pensions. In any

case, parliament is ready to talk about this. After all, it has no less interest than the government in suppressing inflation.

As for the rest of the resolutions, it is mainly a question of increasing the pensions of those who survived the grim war years. Since January, the payments to war veterans have increased by the full amount of the minimum pension. What is important: those who served in the army for at least six months (from the beginning of the war to the day of the victory over Japan), but for some reason did not see action, will also obtain a supplement in the amount of half the minimum pension. It is also received by home front workers—those who worked for at least six months during the war or were awarded the medal "For Valorous Labor in the Great Patriotic War." These are, as a rule, elderly women.

[Nadezhdina] I remember that someone from your committee came forward with a proposal that pensions not be paid to working pensioners.

[Zakharov] This was a gross mistake. One must not issue one's own personal opinion as the opinion of the committee. There was simply a misunderstanding of the essence of the phenomenon here. Every person has the right to a labor pension. Whether he pays the insurance fees or the enterprise pays for him (this, after all, is also a deduction from wages), if he has earned a pension, he should receive it.

This is not the whole problem, though. By paying a pension to working pensioners, we are solving a very critical social problem: we are helping people to survive, because the level of the pension security, particularly for those who receive the minimum, is beggarly today. In our country approximately 15 percent of the total number are working pensioners. The pensions plus earnings make it possible for them to exist more or less normally. If we suggest a choice, however: pension or work—about 5 million will leave the enterprises. And then what? the number of poor people will increase.

We are in favor of, in the future, keeping a personal account of all pension payments—how much you yourself paid, how much was paid for you, and how they are redistributed. There is even an idea: when the fund begins to function normally, when the economic situation in the country improves, part of the accumulated funds are to be issued to people when they retire on pension. This is a matter for the future, however.

We are not the ones who said: the degree of society's civilization is determined by the attitude toward old age. We must proceed from this by solving the problem of pension insurance. Of course, if the rise in pensions entails a rise in benefits, stipends and wages in the budgetary sphere, it can give a new impetus for inflation. Probably, however, it can be conquered, not by robbing the pensioners, but by seriously engaging in making production healthy.

### Social Policy Official on Pension Issues

934K0294A Moscow ARGUMENTY I FAKTY  
in Russian No 7, Feb 93 p 3

[Interview with M. Zakharov, chairman of the Commission of the Supreme Soviet on Social Policy, by G. Valyuzhenich; place and date not given: "The Average Amount of a Pension in Russia Today Is R7,500. Are Pensioners To Blame for Inflation?"]

[Text] *How nice it is to be a general. Literally a couple of days ago a decision was made to increase their pensions to 50,000 rubles [R]. But few know about this yet. But the 1.9-fold increase in civilian pensions has already evoked a mixed reaction.*

*"How aggravating it is that there are pensioners and they want to eat every day"—this is approximately the opinion today of those who think that the increase in labor pensions is practically the main reason for the runaway inflation. Is this true? The chairman of the Commission of the Supreme Soviet on Social Policy, M. Zakharov, responds.*

[Zakharov] Pensions did not increase from May through October 1992, but can we say that inflation did not grow? They did not increase in January, but nonetheless the rates of inflation were more than 30 percent. Could we really refuse to raise pensions now? Just try to spread January's minimum pension over February's prices. Almost 1,000 for bread and 1,500 for everything else. That would mean dooming the pensioners to starvation. We are helping not only our 35 million pensioners. Many of them live in families, and therefore these measures affect the standard of living of a total of 110 million people.

[Valyuzhenich] How do you explain the preferential conditions for the payment of wages and pensions at the beginning of employment?

[Zakharov] According to our figures, 15 percent of the pensioners are now working. Under our extreme conditions, this is a fairly decent living.

Now many are insisting that working pensioners not be paid pensions, but we will not comply with this, although certain adjustments are possible in the future.

[Valyuzhenich] There are very many complaints about the fact that the payment of pensions is sometimes delayed by two or three months. The excuse given is that the social security offices are not keeping up with the recalculations...

[Zakharov] Of course, the social security offices have a lot of work to do. But that is not the only reason. Sometimes this "delayed" money is "making" money. According to our information, it provides sustenance for the structures through which it passes. And what is surprising is that we cannot even monitor it. They will not let us.

[Valyuzhenich] You will agree that such explanations do not make it an easier for the pensioners.



[Zakharov] Of course not. That is why we suggest creating a separate federal pension service with its own bank accounts. This system is broken apart now. The pension fund accumulates money, but the social security offices pay it out. It would be more expedient to take the pensioners out from under the wardship of the Ministry of Social Protection. A pension is not state philanthropy, it has been earned by the individual himself, and it is only its guaranteed level that protects him.

[Valyuzhenich] Tell me, is the activity of the Pension Fund itself monitored? There have been scandalous reports in the press that immense amounts of money have accumulated in it, which enable the "apparatus" to lead the good life....

[Zakharov] This year, as you know, deductions into the Pension Fund decreased to 28 percent of the wage fund. As of January, the carry-over amounted to R171 billion. This is only 60 percent of the amount required to cover all the pensions—not very much, you will agree. A deputy group was created to inspect the fund's activity, and it found nothing criminal. Their earnings are fairly high, but they do not set their own wages.

[Valyuzhenich] Recently a law was adopted on additional payments for people who have been through the hardships of war. Who specifically is affected by this?

[Zakharov] First, all participants in war. Increments to their pensions have been doubled—to R4,275. Pensions for under-age prisoners of fascist concentration camps have been increased by the same amount. An increment to the pension has been introduced—in the amount of 50 percent of the minimum—for workers in the rear.

One must have a certificate or eyewitness testimony that during the war years the individual worked at the rear for no less than six months. This pertains to everyone, including children, adolescents, and workers at the rear.

[Valyuzhenich] Has the problem of the 1944 inductees been resolved?

[Zakharov] Yes, for those who were called into the army in 1944 and served for no less than six months (until 3 September 1945) pensions are to be increased the same as for workers at the rear—by 50 percent of the minimum.

The same increment is established for pensions of people who lived through the blockade of Leningrad. Pensions of disabled children (under 16 years of age) have been increased by R2,850 as have pensions for disabled adults of group I. The law went into force effective 1 January 1993.

[Valyuzhenich] Will 1992 earnings be adjusted when pensions are calculated?

[Zakharov] Yes, after all, in January 1992 the average wage was R1,400, and in December it had leapt to R16,000.

**Moscow 1992 Unemployment Up From 1991**  
*934E0100A Moscow DELOVOY MIR in Russian*  
4 Feb 93 p 7

[Article by Aleksandra Kovinskaya: "In the Statistics Mirror: Will the One Who Seeks Always Find?"]

[Text] Last year, 150,200 people (1.3 times more than in 1991) were registered in the city employment service. More than half of them (95,800) were counting on being placed in a job. Their increase (by 2,200) was accounted for by representatives of the working class in the capital—in practice, every third person who applied.

The number of Moscow residents who lost their jobs grew from 24,800 to 57,400. The district divisions and branches of the Department of Labor and Employment provided assistance to almost 78,000 needy people in their search for jobs and received confirmation that 10,900 had been placed in jobs.

For the year, 40,300 Moscow residents were classified as unemployed. By way of comparison, for six months of the preceding year (from the time the law on employment went into effect) 11,700 people were so classified. During the year-and-a-half, 28,500 of the 52,000 have been removed from the jobless category: 6,800 were placed in jobs, 6,600 officially took early retirement. Of the remaining 15,100 unemployed workers, some were assigned to retraining, some changed their place of residence, some went on maternity leave, and some violated their right to receive assistance.

The proportion of unemployed persons who were placed in jobs last year reached 17 percent of the total number of unemployed (vs. 12.5 percent in 1991). The situation was the same with respect to those who officially took early retirement—16.4 percent vs. 6 percent.

On 1 January of the current year there were 23,504 unemployed persons; 77.1 percent of them had been dismissed from their jobs. The share of the unemployed who have applied for job-placement assistance is significantly lower—51.6 percent.

With regrettable (and customary) consistency, women are in the lead, accounting for 79 percent of the total who have been left without the means of earning their livelihood. "Blue collar" workers account for 15 percent of the unemployed and about 3 percent are graduates of various educational institutions and other citizens, who have never succeeded in obtaining their first job.

Every fifth unemployed person has reached pre-pension age. One out of six, on the contrary, is young, 16 to 30 years old. The youngest, up to 22 years old, account for 4.7 percent.

As previously, above all the unemployed are being "supplied" by science and science services—37 percent, and also by industry—19 percent. However, as of the end of the year, dismissal of workers occurred mostly in industry—47 percent (vs. 22 percent in science).

Enterprises are most frequently dispensing with the services of engineers of various specialties, technicians, economists, representatives of the managerial ranks, scientific associates, editors...

Computer operators, state trade sales persons, and also unskilled workers or workers who are narrowly specialized are almost as unlucky.

The number of workers getting assistance rose last year from 12,000 to 35,000. On 1 January 1993, there were 15,900 such people (or 67.6 percent of the unemployed).

The number of vacancies offered decreased last year fourfold and equaled 78,200—73,100 for workers and 5,100 for engineering and technical personnel and white collar workers. The number of work places declined by 23,000 and vacant positions—by 3,000.

At the same time, the number of enterprises that announced the availability of unfilled places increased from 3,698 to 4,474. Alternative structures of the economy were particularly active, increasing from 322 to 1,005 (at the end of the year). And if in the sphere of state production the number of vacancies last year fell from 98,400 to 62,400, then in the alternative economy the number increased almost threefold: from 5,800 to 15,800.

(Drawn from materials of the Administration of the Labor Market in the Department of Labor and Employment of the government of Moscow).

#### **Accident, Disaster Statistics Viewed**

934E0135A Moscow TRUD in Russian 19 Feb 93  
Evening Edition p 1

[Report by Irina Nevinnaya: "If You Do Not Cause an Avalanche, It Will Come Down on Its Own"]

[Text] Sergey Shoygu, the chairman of the State Committee for Civic Defense, Emergency Situations, and Liquidation of Consequences of Natural Disasters [GKChS], characterized the current situation in the republic as "close to disaster."

Yesterday, at a press conference, the GKChS top officials presented to journalists the summary figures on emergency situations that have taken place on the territory of Russia.

Overall, 1,300 emergency situations were registered, with almost 25,000 people injured, of whom 1,353 died.

As to incidents associated with man-made production activities, the results are frightening. The number of railroad accidents increased threefold last year, as compared with the previous one, exceeding 100. The number of air travel accidents increased from eight to 50 a year. The number of accidents at main gas and oil pipelines increased by a factor of 2.5, and of mining explosions and fires—by a factor of three.

There are specific reasons in each case, but still, analysis shows a common thread. What kind of a relationship,

one would think, could there be between human activities and the increased frequency of sliding avalanches in the Caucasus that have already claimed more than 50 lives in January of this year? A most direct relationship, as it turns out: because of the unstable political situation, emergency services here, which in the past performed the monitoring and preventive activation of avalanches in a way safe for the people, now practically do not function.

In each individual instance, assistance to the victims is organized by the GKChS. Last year, 20 billion rubles from the government's reserve fund was spent on these purposes.

#### **Travkin, Filippov Debate Privatization Methods**

934E0112A Moscow TRUD in Russian 16 Feb 93  
Evening Edition pp 1-2

[Interview with People's Deputies Nikolay Travkin and Petr Filippov, by TRUD correspondent Olga Solomonova; place and date not given: "Which Way To Turn the Knees While Running"]

[Text] It is hard to imagine two people more different than Nikolay Travkin and Petr Filippov. Even being deputies probably divides them more than bringing them together: Filippov's main activities are in a Supreme Soviet subcommittee, where he gets his salary. While Travkin works in Shakhovskaya settlement, Moscow Oblast—and, as he insisted on emphasizing in order to remove the accusation of mercantilism, for a salary that is four times less. Had it not been for politics, the probability of their meeting would have been negligible. One visits Moscow and family only on days off; the other leaves Moscow for St. Petersburg precisely on the same days. Petr Filippov is a radical democrat; Nikolay Travkin—seemingly a centrist, if one is to judge by his formal affiliation with the Civic Union bloc, but a very, very radical one. Filippov is a theoretician of the reform; Travkin makes them in practice. As to things in common.... perhaps only a highly charged political temperament.

[Solomonova] There are a lot of lances being broken over the forms of privatization of state property. Lists of enterprises not subject to privatization, etc., are compiled, then revised. You, Petr Sergeyevich, are one of the authors of the law on privatization; and you, Nikolay Ilich, maintain that you have implemented full privatization in your rayon in eight months. Perhaps this is exactly a case where theory has been supported by practice?

[Travkin] The market as proclaimed by Gaydar and you, Petr Sergeyevich, I have no objection to. It is true: competition, private property—I am not the only one for it; everybody is! In theory, many people see the market the same way. Disagreements start when we shift to practice. You say that privatization should result in an increased efficiency of production. And I boringly keep saying: Show me an enterprise you have privatized using your scheme and the efficiency there has increased.

[Filippov] Nikolay Ilich, there are hundreds of enterprises. As to your rayon, you do not have any privatization whatsoever—it is all municipalization.

[Travkin] It is like saying: You ran fast; you came in first, but you turned your knees the wrong ways while running, and therefore we disqualify your result. If privatization means first and foremost taking property out of state ownership into some other, we in Shakhovskoy Rayon have done it. Only the meat processing plant and five stores are municipal property there; all other enterprises—and there are tens of them—are privately owned. They have been privatized, but through a different method, not by auctioning them off. So you say—this is not "correct." We, on the other hand, say: To privatize means to take it out from under the state umbrella. This has been done. Nobody will come to me for a salary now, and I cannot order anyone. They themselves dispose of the results of labor, set their own prices. It does not matter how we conduct privatization—through a free-of-charge transfer to labor collectives or through auctions. In some instances, an auction is the right solution, while in others they should not be used. I am convinced that it is wrong in a small settlement to sell through an auction an enterprise that employs, for instance, 80 people. It will immediately create social tension. And the auction-based approach by itself.... What does the efficiency of production have to do with it? You want to collect money by selling enterprises and stores? No, you keep telling us that you want efficiency. Then why do you measure privatization itself in rubles?

Second: Where is the guarantee that when we sell an enterprise at an auction, the people who buy it will make it work more efficiently? What is it: Do we have somewhere a spare supply of talented producers skilled in the market? I do not see such a reserve. There is only one guarantee—that enterprises will end up in the hands of those who have more money.

What did I risk when I undertook a free-of-charge transfer of enterprises to labor collectives? The announcement was: On Monday, the enterprise is yours. But if you end up without money to pay salaries, and if you do not show a profit, the enterprise will be sold at an auction—we will apply the option that Anatoliy Chubays is talking about now. You are given a chance, though—the enterprise is your collectively shared property.

A share is a worker's property, but only when it comes to paying dividends on it. If he leaves, he does not take it, because he received it for free. From there on, if you wish, either pay out your share in money, or in profits, or by vouchers....

[Filippov] You do use vouchers, though?

[Travkin] Well, we need to find some use for them. If the enterprise does well, in a few years the stock (share) of each will grow by a factor of tens, or perhaps hundreds. Right away, in the beginning, however, they need the working capital. They do not have it, and the bank charges high interest. This is when cash investment takes place, that is, buying out the shares. As a result, the

controlling share of stock ends up in the hands of a relatively small group of people. Yes, it takes longer, but it is conflict-free from the social point of view; it is an equal chance for everyone; it is quick privatization. Eight months was enough for the entire rayon. I needed the presidential edict because I was being dragged into the courts: What you are doing is illegal, they said.

[Filippov] Yes, the law was adopted in 1991, and you were violating it. The presidential edict was issued to cover you. A personal edict on Shakhovskoy Rayon, which took the rayon from under the jurisdiction of Russian laws.... In a way, our president sort of bribed you.

[Travkin] Well, it is not quite like that.

[Filippov] Why not? An exception, for you only. Let us go back to privatization, though. What do you propose? To give the plant to the workers. Doctors, teachers, pensioners, military servicemen—stand aside. And if this does not work, then some time later you do exactly what you advocated against—an auction. So far it does not work—you need the get the money from somewhere to buy out the shares. Well, all right, not everyone has the money—then we will take vouchers. And, most importantly, the emergence of an effective owner is stretched over several years.

In our privatization scheme, on the other hand, a group of effective owners is created quickly. If there are such people at the enterprise, we give them an opportunity to take 20 percent of the stock right away, as soon as they file an application and have the consent of the labor collective (the third option of privatization). After selling the rest of stock to doctors, teachers, and so on—another 10 percent of the stock. In addition, up to 20 percent is put into a trust. In other words, what you stretch over several years can be done quickly. We currently have 30 percent of enterprises privatized. In terms of their results and characteristics, they are the way yours, Nikolay Ilich, will perhaps be in a couple of years.

[Travkin] Do you include Moscow stores in this?

[Filippov] Do not! Do not bunch us together with Popov—just like you, he did the same stupid thing: He transferred the stores to labor collectives. In doing that, these collectives not only did not gain anything—they lost, because they did not develop awareness of themselves as owners. When you come to some decrepit hair salon, it is clear that its employees do not feel themselves owners, do not want to invest money in its development and refitting. The same is happening in the stores.

[Solomonova] Who does feel himself to be an owner these days?

[Filippov] Only those who have paid money or surrendered vouchers.

[Solomonova] Then what about the "people's privatization" you advocate? As you well know, the people do not have the money.



[Filippov] Fine, pay by vouchers. But you have to come and buy this enterprise. The meaning of people's privatization is that those who want to become owners will. If you divide factories and stores not through vouchers, but in natural way—say, cut off a piece of machine bench, still, those who do not want to be owners will sell their piece tomorrow. And those who do—will buy. The process of social differentiation will take place no matter what.

How do we get there? Give everyone a voucher without the right to sell it? You cannot do this. A man has a right to dispose of his share of property. We say: A labor collective where property is "spread" in an even layer is not an effective owner. It is an owner that does not know what to do with its property.

[Travkin] And who does?

[Filippov] An effective owner invests resources in development instead of consuming the income earned.

[Travkin] Where do people get these resources at the start?

[Filippov] There is no money at the start, but those who show ingenuity....

[Travkin] By buying up the property from those who do not show it, leaving them with nothing!

[Filippov] I hear the voice of a Bolshevik. You would agree that when someone joins two pieces of metal in a new way, we respect such a man—he is an inventor. A businessman is also an inventor; he joins labor, intellect, and technologies in a new way and makes money on it. Whether we like it or not, the ability to make money is valued highly all over the world.

[Solomonova] That depends what money is made on—there is also illegal trade in arms, drugs, whatever....

[Filippov] For this, there is the militia, the procuracy, and the Ministry of Security. But to reject private property only because somewhere someone is making money dishonestly would be laughable. Let us not bring socialism into the market!

[Travkin] How should we then understand your vouchers? Distributing them is a political, not economic, move: We are making everyone an owner. An economic solution should bring out greater interest in work, increased productivity of labor. Are enterprises interested in getting vouchers from outside? No—they are given empty papers, while they have to share the profits.

[Filippov] It is not the enterprise that takes the vouchers, though. The enterprise was the property of the state; the state issued IOU's—the vouchers—and the state takes them back.

[Travkin] I am talking about something else. Did the vouchers increase the labor collective's desire to work better? No, they did not, because they have to send part of their profit somewhere in payment for vouchers. Perhaps a teacher or a doctor who lives, for instance, in Shakhovskaya but placed his voucher in Naberezhnyye

Chelny will start working better? No, because he hopes that now something will be "dripping" from there. But if labor productivity does not increase either where the vouchers are invested or among those who invest them, what is their economic meaning?

[Filippov] This is all assumptions; speak for yourself. You are a practitioner! I, for instance, have a desk full of complaints about the head of Shakhovskoy Rayon's administration—you create preferential conditions for municipal trade; that is why they have high salaries.

[Travkin] Why is the salary higher in a municipal store than in the one that belongs to the rayon consumer union? Because in the former 15 square meters produce a turnover of 8 million rubles [R], while in the latter it is R1.5 million on 80 squares. This is not the point, however. We have meat and milk, while Moscow no longer has milk, and in a month there will be no meat. What are you planning to do about agriculture?

[Filippov] Kolkhozes and sovkhoses will cease to exist. We will privatize them, give them to farmers, to farm associations.

[Travkin] And why is this not happening yet? The president's edict set the deadline for kolkhozes and sovkhoses to reregister. I have fulfilled it—there is not a single kolkhoz or sovkhos in Shakhovskoye now. We have more than a hundred farmers. The rest, however, ignored this edict, or once again reaffirmed their state ownership. What are you going to do with them?

[Filippov] We are fighting. But when I visit, for instance, Stavropol, and see how kolkhoz and sovkhos directors there are ready to fight to the last drop of blood against disbanding their farms—I know that I am not the one responsible for it. The responsibility rests with the heads of administrations who are supposed to carry out the presidential edict.

[Travkin] This edict has many interpretations.

[Filippov] Any document remains just a piece of paper until there is a mechanism for its realization.

[Travkin] This is theory. In practice, kolkhozes and sovkhoses today slaughter the livestock, slaughter the cows. There will be no milk at all tomorrow. What are you, the reformers, going to do about it?

[Filippov] Farmers, farmers, and only farmers.

[Travkin] Farmers need money!

[Filippov] Here you are. The question boils down to money and, again, inflation. There are, for instance, two subjects, and both need money. But one does not bear responsibility for it, while the other has all his property at stake. Well, state enterprises, kolkhozes and sovkhoses, are never responsible for anything. The Izhora plant, for instance, received a R1.5 billion credit last August, used it all up for consumption, and did not modernize anything. By November they were already bringing up the question of changing the government—probably in the hope of getting another R1.5 billion from

a new government. This is a state enterprise approach; the way out of this is privatization. To a privatized enterprise, you can give a loan on the collateral of its property.

And although a great number of our banks, especially large ones, have not yet been privatized, half of them already are commercial banks, including privately owned ones. A privately owned bank will loan money on collateral.

[Travkin] In the environment of mad inflation, where is the bank that will give money for investment? This is a long-term loan.

[Filippov] The point is not who will give and who will not give; the point is that in the environment of crazy inflation investing in production is impossible in general, no matter how much we may want it.

[Travkin] So what are we then going to do about milk and farmers?

[Filippov] There is only one solution—to stop pumping money into the country. As soon as the inflation level drops to four percent a month, any bank will provide loans.

[Travkin] And today inflation is 50 percent!

[Filippov] Yes, but this is the fault of the Supreme Soviet, the Central Bank, and the government, which also gives preferential credits to state enterprises. We have to break this vicious circle.

[Solomonova] But if it not the parliament, not the Central Bank, not the government, and probably not the president—who is then going to break this vicious circle?

[Filippov] The problem is that the overwhelming majority of our compatriots believe that if they are given more money—paper—they will live better. Look how calmly the Supreme Soviet approved the state budget deficit. How it “pumps” this money into the national economy through various forms of restricted allocation of resources and through preferences. And the government? Khizha and Chernomyrdyn are advocating preferential credits—again pumping in the money. Take the banks: Gerashchenko, who is supposed to be responsible for the national currency exchange rate, essentially undermines it. When Hitler wanted to undermine the British economy, he ordered counterfeit pounds sterling to be dropped from planes. In our country, the economy is being undermined by the Supreme Soviet, the Central Bank, and the government!

[Solomonova] Who can we then pin our hopes on?

[Filippov] Pin your hopes on the economists who will be able not only to promise a tough financial policy, but will be able to insist on its implementation. The Democratic Choice, for instance, has maintained since August that the Civic Union and the Volskiy team are pushing the country into hyperinflation. Today we are already in it.

[Travkin] The land mines that are going off were set by Gaydar.

[Filippov] Speaking about Gaydar, his favorite phrase is: “tough financial policy.”

[Travkin] So why did he not implement it?

[Filippov] I will explain with the example of the same Izhora plant. A representative of this plant comes and says: Kolpino, a Petersburg suburb; all of the adult population works at one plant. If the plant suspends operations tomorrow, the entire rayon will rise up. And poor Gaydar is squirming: If he does not give the money—there will be a revolution; if he gives the money—prices will go up.

[Travkin] Where is the middle?

[Filippov] Shortage of money—that is all.

[Travkin] But suppose Kolpino “rises up,” what then?

[Filippov] There is only one solution—to privatize the Izhora plant as quickly as possible. Then it can be given credit painlessly. If employees become co-owners of the plant and get a loan for reconstruction and for producing competitive products, they will realize that if they do not do it, they will instantly turn from owners into lumpens.

[Travkin] All right, let us assume so. In practice, however, as soon as we in Shakhovskoy privatized enterprises or liquidated kolkhozes and sovkhozes, I found myself faced with the need to maintain the boiler room, day care centers, housing, etc. Where I am to get the money?

[Filippov] You know the general principle. As to any specific situation—find your own solution: Earn additional income if you want to maintain day care; if you do not want it—sell it.

[Travkin] And who will then maintain it? This is the general picture all over Russia. You provide a general solution, and I will apply it specific circumstances.

[Filippov] Not very often, but it does happen in life when there is no good solution. For instance, the Spanish brought unemployment to 30 percent, but pulled out of inflation. We cannot bring our unemployment to nine percent, but inflation, on the other hand, keeps increasing. In order to restructure the economy, we do need nine percent, because if out of 100 people nine are being retrained at any given time, there is hope that instead of a plant producing horseshoes there will be a plant producing computers.

I understand when I speak of unemployment that, unlike Nikolay Ilich, I undermine my political authority. From the point of view of popularity, it is not good to say such things.

[Travkin] The task of the authorities is to soften unemployment, to create new jobs. But this is not what I am talking about. You say that privatization in Shakhovskoy Rayon is incorrect, it is not in accord with the law, it does not exist. And the collectives are ineffective owners of property, because they do not invest money in the development of production. But mine for some reason are building—is this not development?

[Filippov] I said that privatization is there, but the scheme whereby the stock ends up in the hand of ordinary workers leads to ineffective economy. When this stock is redistributed inside and ends up in the hands of a certain group of people, efficiency will go up.

[Travkin] I believe that this process should not be forced—let life do it.

[Filippov] This is a matter of political preferences. In my opinion, in the environment of inflation that keeps going up because of abnormal property relations, because it is all, essentially, caused by the state, to accept your thesis—do not force it—means to drive up into the abyss of hyperinflation. No, we have to force it, and the faster the better. Put the Izhora plant into private hands, the Kirov plant into private hands.... Quickly, in half a year, privatize them, and we will stop hyperinflation.

[Travkin] Speed is good when you are catching fleas. Why are you not interested at all where Travkin found the money to provide loans for 100 farmers in Shakhovskoy Rayon? I did not take any money from the state. Perhaps there exists a nonstate mechanism for providing credits for agriculture?

[Filippov] Nikolay Ilich, we have so many of all kinds of proposals! But if you have a sensible one—I am ready to support it. I am sorry, I have to leave now....

[Travkin] (With his opponent gone). They are not interested in practice at all—there is a scheme, and this is the way it is supposed to be. What if it does not work this way in real life? If it does not work—that means someone is not letting it work. Life does not accept it? That means life is wrong, we have to change it. Something is devilish in all this....

#### **Volgograd Holds First Privatization Auction**

934E0096A Moscow IZVESTIYA in Russian 10 Feb 93  
pp 1-2

[Article by IZVESTIYA Correspondents Igor Karpenko and Valeriy Korniyev, Volgograd: "A Tractor Plant for Vouchers; Mass Check Auctions Have Begun in Volgograd"]

[Text] An oblast people's privatization center, which will be in continuous operation, has opened in Volgograd. An impressive order has been placed right away: 20 enterprises have been offered for the first check auction. Volgograd Oblast is one of five where specialists of an international financial corporation helped to develop voucher privatization programs. However, the first extensive testing of the practice has begun here. That is why there were so many guests in Volgograd—representatives from the US Embassy, vice-president of the International Finance Corporation Wilfred Kaffenberger, deputy chairman of the Russian Federation State Property Committee Dmitriy Vasilyev, and more than a hundred representatives of the foreign and Russian information media.

Large-scale privatization is surely gathering speed: in January of this year check auctions have already been held in 15 oblasts of Russia, where the shares of 75

enterprises being privatized, having an overall nominal value of about 440 million rubles, have been sold. The "weighted average" bid (kurs) at the auctions in January has amounted to a R3,700 share per single privatization check. Is this a lot or a little? A single R1,000 share is secured by property worth approximately R20,000. That means that the participants in check auctions on average received property worth R74,000 for their voucher. This also sets the real value of the privatization check, which has proved to be on an order higher than on the exchanges.

The privatization process will accelerate markedly in February. Check auctions, at which the shares of 155 enterprises having an overall nominal value of about R1.8 billion will be sold, will be held in 27 regions of Russia. Moreover, as Dmitriy Vasilyev noted at the press conference, this will not be done all alike. In the localities they themselves are thinking things out and choosing the optimal versions.

What are the special features of the Volgograd voucher auction?

"We have," said Yuriy Medvedyev, the chairman of the oblast committee for the management of state property, "divided the 20 enterprises into three groups which will be offered for auction consecutively with a two-week break. The workers of those enterprises for whose shares a subscription is going on here, naturally, can participate in the auction. However, even that portion of the population of the city and the oblast which does not work at them but wants to become the owners of the shares of industrial enterprises will, of course, come. And they will have the same rights as the workers of the joint-stock companies: they are due dividends and they can participate in the voting at the general meeting. They can sell their shares or hand them down."

The circle of joint-stock companies whose shares are now being sold at the Volgograd check auction is really not very wide. Among them are the most important enterprise in the oblast—the tractor plant, the Alfa plant which produces a wide assortment of detergents and disinfectants, Volgograd Aluminum—one of the most important aluminum plants in Europe, "Kaustik"—one of the most important enterprises in Russia whose product mix runs from industrial catalysts to household detergents, etc.

On the day the auction opened the impressive landing force of journalists managed to acquaint themselves with the Volgograd tractor and margarine plants and the output of the "Rossiyanochka" garment factory, which demonstrated its best clothing models in the large hall of the auction center. The enterprises are dissimilar with respect to the volume and character of production and branch affiliation and it isn't easy for "the man on the street" to investigate the economic structure of each of them and to determine where exactly, nevertheless, it is more advantageous to invest his voucher.

The margarine plant, for example, is one of the smallest in the industry. Only 87 people work here and the charter



capital is less than 12 million. However, the enterprise was made a joint-stock company according to the second variant of privileges at the beginning of last year already and the collective has managed to buy back the controlling block of shares (51 percent), and hopes to acquire another 20 percent at the auction. Obviously, the people believe in the potentialities of their own enterprise. Independent economic operation is already bearing real fruits: during the past year the volume of output has increased by 37 percent, including that of margarine by 29 percent. Given the present crises and the overall decline in production, the result is far from ordinary. And although the average wage here is small—R12,500—there is no turnover of personnel and the collective even increased by 10 persons during the year. By the way, wages could have been a minimum of two times more since the plant obtained almost 50 millions in profit during the year. At the general meeting they decided, despite the difficult times, not to "eat away" the money, but to invest it in the development of production. A new mayonnaise shop, water and sewage works, etc., are being built at the plant. A significant example of how ownership changes the attitude toward investments—a problem, apparently, that is very acute throughout the entire economy. In short, the shareholders of the little margarine plant are today already standing firmly on their own feet. And the fact is that quite recently, moreover in the best years for our economy, the enterprise hardly made both ends meet as a state enterprise and "was in the card-file."

The Volgograd Tractor Plant, the oldest in the country, obviously doesn't need any special presentation. Nearly half of Russia's tractors for ploughing are its products. And wages here are a little higher. On the assembly line, for example, the workers get R25,000 and more. And although the slump in production came to almost 15 percent during the past year, the prospects for the Volgograd tractor-builders are quite good. Because their tractor for ploughing is, by the way, the cheapest in the country (R1,100,000) and enjoys very broad demand. The tractor plant is being made a joint-stock company according to the first variant. However, the directors think that the collective will be able to buy back the controlling block of shares and the dividends based on them will come to no less than 20 percent a year. The hopes for investment, the renewal and modernization of production, and the production of a new model wheel tractor for independent farmers also are bound up here with managerial independence.

Some 650 persons visited the people's privatization center during the first four hours of the work of the voucher auction and about 200 officially registered applications for shares straight away. A beginning has been made. Offices of the auction center will open in the very near future in the Krasnoarmeyskiy and Traktorzavodskiy rayons of Volgograd and several rayons of the oblast. The next stage is the creation of firm "bonds" with the check auction centers of the Volga region and other regions of Russia.

### Over 700,000 Moscow Apartments Privatized

934E0128A Moscow DELOVOY MIR in Russian  
13 Feb 93 p 1

[Article by Leonid Shirokov: "Do You Want to Become a Millionaire?"]

[Text] Whatever they might say there about how difficult the times are, still there is always a place in life for celebration. Even if it is in an individual family.

On this sunny day in February in the White Hall of the Moscow Council, they solemnly presented a certificate to the 500,000th owner of a privatized apartment in Moscow—the Novikov family.

The mayor of the capital himself presented flowers, a certificate, and a very nice watch on a little stand to the winners. Yuriy Luzhkov said some warm words to the Novikovs and to the journalists gathered there. Moscow does indeed have something to be proud of. The capital is still ahead of "all of Russia" with respect to the pace and amount of privatized housing. Whereas as of today 2,200,000 apartments have been privatized in cities and villages, in Moscow they have already turned over almost 700,000 apartments to private ownership, that is, almost one-third of the total number. This is more than 1.5 million owners of housing.

The matter of the apartments located in the center has finally been resolved: 99.9 percent of this housing is allowed to be privatized. If the process proceeds at such a pace in the future as well, the 1-million mark in the "golden-domed city" will be reached within three or four months, according to the forecast of Yuriy Mikhaylovich.

So compare these figures with your own plans, make an amendment to the waiting list in the housing office, and go register for ownership. Perhaps you will be lucky and be the "millionth." Then there will be a celebration on your street too.

### Moscow Housing Policy Projected Through End of Century

934A0128B Moscow IZVESTIYA in Russian 18 Feb 93  
p 2

[Article by Viktor Belikov: "The Government of Moscow Remembers Not Just Tomorrow but the Year 2000 As Well"]

[Text] The more than two hours of the meeting of the Moscow government seemed like a unique journey in a "time machine" through the remaining years of this decade. They discussed the prospects for the construction of housing until the beginning of the next century.

Moscow is practically the only Russian city that is maintaining an unchanged volume of housing construction—three million square meters annually—under the current very difficult economic and financial conditions. The government firmly intends to maintain this level, although the geography of the new construction and the nature of the houses erected will change. The planners are assuming that the population of Moscow will remain at the level of 9 million through the year 2000.

Huge housing blocks, in which tower cranes rise from one horizon to the other, are receding into the past. There were just four such building sites marked in red on the charts hanging in the meeting hall: Mitino (northwest part of the capital), Novokosino (east), Lyublino (southeast), and Butovo (south). By the way, the routes of future subway lines were extended to them. They will be supplemented by still another line leading to Soltevo from Kiev Railway Station by way of Mosfilmovskaya Street and Michurinskiy Avenue.

Inhabitants will begin to return to their apartments inside the Garden Ring next year, when the reconstruction of the center of the city now being prepared gets under way. For this purpose, it is planned to build so-called point houses on small open parcels. Another urban-development measure proposed by architects for the streets and alleys of old Moscow is the construction of buildings for the resettlement of inhabitants of neighboring houses, which will then be subject to reconstruction and replanning.

It is by no means proposed that such new construction be made standardized and multistory. Their height will be determined by nearby buildings and obviously the basic building material will be brick. At 46 of 116 addresses planned for such reconstruction, the work will be performed by city organizations of "Kapstroy," whereas private investors will handle the conversion of the rest.

The same procedure (first build housing nearby, move the people into it, and then rebuild the old "cockroach hotels") is being used in the blocks of five-story buildings whose useful life has already past. In this way, citizens of Moscow now living in three million square meters of panel housing built in the 1950's and 1960's are to be moved to other places by the year 2000.

The new principles of economic life that have come into being in recent times make it possible to take a different approach to the development of territories and their comprehensive assimilation. The prefects of the administrative districts will organize competition among private firms and joint-stock companies for the right to design and build stores, cafes, restaurants, clubs, movie theaters, workshops, and studios. Multistory garages for personal automobiles will be built in the new housing microrayons by the city but with their subsequent commercial sale for the recovery of costs.

In conclusion, about still another condition for the further development of housing in Moscow. As Mayor Yu. Luzhkov reported, an agreement has been reached with the administration of Moscow Oblast: the area around Moscow will share its underground sources of potable water of spring purity with the capital.

#### **Energy Minister Insured Against Voluntary, Forced Resignation**

934E0096D Moscow KOMMERSANT-DAILY  
in Russian 3 Feb 93 p 2

[Article by Aleksey Makarov: "The Portfolio of the Minister of Fuel and Power Engineering is Valued at a Million Rubles"]

[Text] Yesterday the Tyumen joint-stock insurance company "Germes-Polis" insured the new Minister of Fuel and Power Engineering of Russia Yuriy Shafranik. The insurance policy has been drawn up in such a way that Mr. Shafranik can count on a million in compensation in case of voluntary or involuntary retirement on any day in April 1993.

In a telephone conversation with a KOMMERSANT-DAILY correspondent, Sergey Lisin, general director of "Germes-Polis," stated that the minister, at any moment, can obtain in the office of the Tyumen joint-stock insurance company "Germes-Polis" insurance policy No. 500 where it is indicated that he has been insured for the amount of 1 million rubles from all incidents connected with his losing his post in April 1993. The general director of "Germes-Polis" rejected possible insinuations about attempts of Germes to thus give an incentive to the minister to carry out an accelerated privatization and making of the fuel industry into a joint-stock company. Mr. Lisin stated that while chief of the Tyumen administration Mr. Shafranik far from always agreed with the proposals of Germes, however "spokes in the wheel have not pushed us." Lisin also asserted that Shafranik absolutely did not know that they will be insuring him.

The KOMMERSANT-DAILY correspondent has been in touch with Mr. Shafranik's reception room. The head of the ministry's information department, Aleksandr Degtyarev, stated that he had heard nothing about the policy and only complained that they had valued his chief at R1 million and not \$1 million.

#### **Energy Officials on Establishment of Regional Companies**

934F0063A Moscow ROSSIYSKAYA GAZETA  
in Russian 10 Feb 93 p 3

[Interview with Anatoliy Varanovskiy, vice president of the YeES of Russia Russian joint-stock company, by Yekaterina Vasilchenko; place and date not given: "Property of the Republic—Electrification Plus the Market"]

[Text] It is hardly likely that the government will be able to allocate anything substantial for the development of energy in the near term. The Russian joint-stock company [RAO] Unified Energy System of Russia [YeES of Russia] was created for the purpose of attracting investments, according to an edict of the president. We asked Anatoliy Varanovskiy, the former deputy minister of fuel and energy and currently the vice president of RAO YeES of Russia to talk about what this means for the economy of the country.

[Varanovskiy] The modern world uses the available resources of various funds for the development of production: pension, insurance, and also commercial structures and private persons. Energy will also be able to utilize all of this, if it shifts to the joint-stock form of property. Moreover, joint-stock energy companies will compete among themselves.

[Vasilchenko] How many competitors will appear on the Russian energy market as a result?

[Varanovskiy] Seventy regional joint-stock companies should be established—according to the number of energy systems in Russia today plus 51 large electric power stations that have been earmarked. In the future, they will be transformed into independent generating sources. A total of 121 entities will appear on the energy market, and each of them will transfer 49 percent of the shares of stocks to the RAO YeES of Russia, which represents the interests of the state. The collective will receive 25 percent of the shares of stock free of charge, 10 percent—at a 30-percent discount, and five percent will be received by the directors of the enterprises at a nominal cost. The remaining 11 percent of the shares of stocks can be sold to outside investors.

To create healthy competition, it is necessary to reduce the monopolistic influence of the so-called redundant energy systems, whose capacity is much greater than can be utilized by the regions in which they are located. Fifteen of our 70 energy systems can be called surplus: they include the Irkutsk, Krasnoyarsk, and several energy systems in Central Russia. They were established at the time and under conditions of the centralized economy; they were then based on an optimal unified energy system, and prices were also established by the state. But now it appears that 55 "critical" rayons are heavily dependent on 15 surplus systems that dictate their own conditions to them—most of all rates on electric energy. Moreover, any energy system is a monopolist in its own region. Therefore, the largest electric power stations—a GRES [state regional electric power station] with a capacity of one million kilowatts and higher and a GES [hydroelectric power station] with a capacity of 300,000 kilowatts—are being removed from under the subordination of regional energy systems and transferred on a federal level to the charter fund of the RAO YeES of Russia.

[Vasilchenko] You will not deny that the creation of a unified energy system can be categorized among our achievements. It worked for many years without interruption in the country, which has 11 time zones, and where, depending on the time of day, it becomes necessary to transfer electric energy from region to region. Undoubtedly, a decisive role was played here by centralized management. With the establishment of a joint-stock company, will not the unified whole break up into parts that will be unable to interact in a coordinated way?

[Varanovskiy] In order to avoid such a danger, a federal joint-stock company will be established along with the regional ones—the YeES of Russia joint stock company of energy and electrification. It will be responsible for the reliability of power supplies for the country as a whole, for the work and development of a unified energy system, for the development of investment and scientific-technical policy in the industry, for the coordination of the work of the regional companies, and for ensuring their cooperation within the framework of the

YeES. So that the RAO YeES of Russia copes successfully with this task, the state is depositing 49 percent of the shares of stocks of the regional companies in the charter fund. As for the central and regional supervisory control administrations of the YeES, and scientific and planning institutes, they will be set up as joint-stock companies without privatization, and 100 percent of their shares of stock belong to the RAO.

It is very important that the territorial organs of authority and the administrations also participate in the unified energy system in the adoption of decisions on strategic questions. Therefore, 30 percent of the votes of the state block of shares of stock of the RAO YeES of Russia will be transferred to the territories in proportion to the volumes of consumption.

[Vasilchenko] A change in the forms of property also simultaneously means a change in the sources of financing. Previously, energy lived at the expense of the budget, and now it will exist by selling its product—electric energy. Will it suddenly turn out that it is more profitable to sell electric power abroad than on the territory of Russia, and the country will be exposed to an energy crisis?

[Varanovskiy] The export of electric power is regulated by special portable acts. Only a certain amount of its products, and no more, can be sold abroad.

[Vasilchenko] Why is electric power being set up as a joint-stock company according to special edicts of the president, and not in the usual procedure? And to what extent are the rights and responsibilities of the energy enterprises and the consumers being guaranteed by the law?

[Varanovskiy] We have already talked about the extreme importance of the energy industry for the economy as a whole. This explains the increased attention of the state organs and personally of the president to everything that occurs in it. But, in addition to all of this, Russia, it seems, is the only country that does not have a law on electric power. In the last several years, workers of the ministry began the preparation of such a law, but the fast-changing property relations and changes in the Ministry of Fuel and Energy (it should be turned into a ministry that implements the tasks of coordination and control on a federal level) do not make it possible to create a final variant of the law.

**Decree on Financing of Fuel-Energy Complex**  
935D0267A Moscow ROSSIYSKAYA GAZETA  
in Russian 19 Feb 93 p 4

[Decree of the Supreme Soviet of the Russian Federation  
"On the Financing of the Fuel-Energy Complex"]

[Text] With the objective of supporting the functioning of the fuel-energy complex of Russia in 1993, the Supreme Soviet of the Russian Federation decrees:

1. Accept the proposal of the Government of the Russian Federation on the extension to 1993 of the effect of Point 7 of the decree of the Russian Federation from 18



December 1992 "On the Putting into Effect of the Law of the Russian Federation 'On the Refinement of the Indicators of the Republic Budget for 1992'" (VEDOMOSTI SYEZDA NARODNYYKH DEPUTATOV ROSSIYSKOY FEDERATSII I VERKHOVNOGO SOVETA ROSSIYSKOY FEDERATSII, 1993, No 3, p 95) and Point 6 of the decree of the Supreme Soviet of the Russian Federation from 25 December 1992 "On the Financing of State Expenditures from the Budgets of the Russian Federation in the First Quarter of 1993 and on the Organization of the Work on the Budget Message of the President of the Russian Federation for 1993" (VEDOMOSTI SYEZDA NARODNYYKH DEPUTATOV ROSSIYSKOY FEDERATSII I VERKHOVNOGO SOVETA ROSSIYSKOY FEDERATSII, 1993, No 2, p 82) in the part involving the financing of the fuel-energy complex.

2. The Ministry of Finance of the Russian Federation and the Central Bank of the Russian Federation should take the appropriate measures in February-March 1993 to implement the positions of Paragraph 4 of Point 7 of the decree of the Supreme Soviet of the Russian Federation from 18 December 1992 "On the Putting into Effect of the Law of the Russian Federation 'On the Refinement of the Indicators of the Republic Budget of the Russian Federation for 1992'" with respect to the granting of preferential credit in the amount of 200 billion rubles and of Point 6 of the decree of the Supreme Soviet of the Russian Federation from 25 December 1992 "On the Financing of State Expenditures from the Budgets of the Russian Federation in the First Quarter of 1993 and on the Organization of the Work on the Budget Message of the President of the Russian Federation for 1993."

3. Specify that the sums of credits allocated in accordance with Point 1 of the present decree are not included in the sums of credits granted in 1992-1993 to cover the deficit of the republic budget of the Russian Federation.

4. The present decree goes into effect on the day of its adoption.

[Signed] R.I. Khasbulatov, chairman, Supreme Soviet of the Russian Federation  
Moscow, House of the Soviets of Russia  
12 February 1993  
No 4465-1

### Higher Gas Prices Expected to Spur Inflation

934E0096B Moscow NEZAVISIMAYA GAZETA  
in Russian 3 Feb 93 p 2

[Article by Oleg Polukeyev: "The Prices for Gas and Everything Else are Rising; and for Vouchers Also Apparently"]

[Text] Our prices will give no one rest. By a second noticeable decision (after the decree of 31 December) Viktor Chernomyrdin has set 4,000 rubles for 1,000 cubic meters of natural gas—as compared with last year's R1,100 and R13,000 for the near abroad.

There was a report in the last issue of NEZAVISIMAYA GAZETA about the transformation of the concern into the joint-stock company "Gazprom" and about the fact that the council of its directors has been enlarged by the executives of key Russian ministries and departments. By many in the rank of deputy ministers.

Permitting a slump in the gas industry is really quite impossible. Russia consumes 400 bill. cu. m. of gas (out of the 605 recovered) for its own needs, of which more than half is for the generation of electric power. Some 100 billion is sold for hard currency. And the production cost for recovering a thousand cubic meters has exceeded the wholesale price by R800. Naturally, the new price for gas accelerates the growth of the high prices for everything else. The Russian State Price Committee, in reckoning that the January price index equalled 1.3, nevertheless expects that the February mark will not exceed 1.4.

However, against a background of inflationary measures, for the first time, perhaps, in recent years the government intends to carry out a set of parallel deflationary measures. Yevgeniya Selikhova, a representative of the newly formed Gazprom Joint-Stock Company, has announced to journalists that it has been decided to exchange the vouchers of the industry's workers as well as vouchers which have been issued by the territories where gas industry facilities are located for its shares. In an amount of not less than R100 billion. It was a question, of course, of an exchange at face value.

But now let's do some calculating. So then, vouchers worth R1.5 trillion have been issued. Some 260,000 persons work in this industry. This means that the checks of about 10 million Russians will be withdrawn from present circulation and custody when the joint-stock company is formed. If one considers that the fixed capital of the gas industry is substantially less than 1/15th of the fixed capital of the national economy, then the market price of the privatization checks must begin to crawl up. The fact is that enterprises of the other branches, given such kind of preferences to Gazprom, and also given the imposition of a similar method of forming joint-stock companies on the rest, will encounter a voucher deficit. And then the already significant rise in the prices for checks will bind and remove from circulation a tangible quantity of rubles not secured by anything. The inhabitants of many other regions of Russia will certainly wish to acquire Gazprom shares simply for rubles. They ought to be granted such an opportunity.

Next. The population of the territories where the gas pipelines lie will be permeated by the understanding that now this is its property which needs to be taken care of. As, by the way, also the gas. The reaction of the millions of owners is, I think, predictable. Demands to raise the wholesale price for all countries without exception to the average world price, i.e., to \$76-83 per 1,000 cubic meters (and this is R50,000 at the present exchange rate) will come quickly.

For the near abroad (those who have not wished to leave the CIS) it is for now almost five times lower...

And there's more. The reformers have promised to review the price for gas in five months. To all appearances they have designated precisely such a time period for aggressive actions, the consequences of which can result in noticeable changes not only in Russia's gas industry and its national economic complex. From here on it will have a perceptible influence on inter-state relations both of the CIS countries among themselves and in the group of those inclined to conduct an economic policy independent of their neighbors. However, this is already a special topic.

### **Minatom Seeks Contracts With Developing Nations**

934E0096C Moscow MOSKOVSKIYE NOVOSTI No 2  
in Russian 10 Jan 93 MN Business Supplement p 5B

[Article by Ruslan Narzikulov: "Russia's Atomic Business is Directed to the East"]

[Text] The developing countries, it appears, are becoming the basic sales market for Russian nuclear power engineering under conditions when the domestic program for the development of nuclear electric power stations is practically frozen.

The contacts of the Russian Federation Minatom (Ministry of Atomic Power and Industry) with representatives of India, China, and Iran, which have become more frequent recently, are evidence of this. An intergovernmental agreement on the construction of an 880-milliwatt capacity nuclear power station was signed with the latter back in the summer already. And in November the vice-president of the Islamic Republic of Iran and president of the Organization for Atomic Energy R. Amrollahi and Russian minister Viktor Mikhaylov signed a protocol in which the parties confirm the previously reached agreement concerning the putting into operation of two blocks of a nuclear power station with a capacity of 440 milliwatts each in northern Iran. The electric power station will be built as a "turn-key project" and for cash.

The specific details will be settled in the global contract which the parties have pledged themselves to sign during the next four months.

The commercial scheme of Minatom's "Chinese project" looks more complicated. About 85 percent of all the equipment will be manufactured at Russian enterprises (the Izhora Plant, the Leningrad Metals Plant, Atomash, the Podolsk Machine-Building Plant, Elektrosila). Chinese industry, which has its own experience in creating nuclear power stations, will deliver part of the equipment and materials. Chinese firms also will carry out all the construction and part of the installation work. Chinese foreign trade organizations will ensure the purchase in third countries of those nuclear power station components which cannot be manufactured in Russia or the Chinese People's Republic.

The Chinese side has secured more advantageous conditions than Iran. According to the agreement that has been signed, the government of the Russian Federation must give the Chinese People's Republic a state loan in the amount of \$2.5 billion, which will cover 90-92 percent of the expenditures of Russian organizations for the construction of the nuclear power station. China will pay the remaining 8-10 percent by cash in freely convertible currency, goods, and services. The loan is to be granted at a low interest rate, 4 percent annually, and is to be paid off in equal portions over a period of 13 years, beginning one year from the date that the first block of the nuclear power station goes into operation.

Representatives of the Russian Federation Ministry of Atomic Power and Industry assert that use of the nuclear power stations under construction for military purposes is impossible, since both the Iranian and Chinese facilities are to be under the strict monitoring of the United Nations International Atomic Energy Agency.

### **Ministry of Railways to Eliminate Some International Routes**

934E0096E Moscow IZVESTIYA in Russian 10 Feb 93  
p 6

[Article by Irina Taburyanskaya, journalist: "The Ministry of Railways is Reducing the Numbers of Foreign Routes. The Reason—No Passengers"]

[Text] The forming of the schedule of international passenger trains which will take effect at the end of May is coming to an end. Direct railroad service with Holland, Sweden, and Norway has been cancelled—at the suggestion of these countries. The Moscow—Oslo, Moscow—Malmo, Moscow—Hoek van Holland through cars will not run. The reason—the lack of passengers.

Last year some four million less passengers were transported abroad by trains than in 1991. The foreign exchange portion of the price of a ticket, which is set by the foreign railroads for the passage of our trains through foreign territories, hits the pocket of potential clients the most.

Because of the reduction in passenger flow, retention of car runs to Paris for this year's winter has been managed with great difficulty. However, whether such a possibility will remain in the future is not known. The number of cars on the Moscow—Rome service is being cut in half and traffic to Germany from Saint Petersburg has been reduced.

As Georgiy Fomin, deputy chief of the Main Passenger Administration of Russia's Ministry of Railways, thinks, such a state of affairs could have been anticipated with partners from the European countries. The frictions with representatives of the former socialist states have been a surprise for us. An agreement with the Bulgarian railroads hasn't come easily. And even now direct through service between our countries is under question. You see, the Bulgarian side has introduced an important condition: the agreement will be valid only when the problem of payments for the rearrangement of wheel

pairs at border stations is resolved and an increase in the passenger flow to Bulgaria is guaranteed.

Direct through service from Moscow to Athens through Sofia has been cancelled at the request of the Bulgarian railroad workers. The railroad journey would have been closed down if the Russian Federation Ministry of Railways, foreseeing such a turn of events, had not obtained the consent of Yugoslavia to the passage of cars through Belgrade.

Service with Mongolia is dwindling (trains now will depart from Moscow only twice a week). However, trains will go to Warsaw more often. Year-round train No. 21 and train No. 125 for the summer period have been assigned in addition to the existing ones and train No. 9/10 is being increased by one car as well.

Incidentally, the Russian Federation Ministry of Railways has adopted the following decision in order to increase the "population density" of the trains to Warsaw, Sofia, Prague, and Bratislava from Moscow and Saint Petersburg: beginning 18 January the reservation of seats and the drawing-up of travel documents is to be done no nearer than the stations of Warsaw, Gorna Oryakhovitsa and Kosice for organized groups of passengers proceeding on these through international routes.

Pleasant news awaits those who want to visit China. At present two Russian and one Chinese Moscow-Beijing trains run there. Beginning in May three trains will depart from the capital to Beijing and one more Novosibirsk-Harbin train. More trains will go to Czechia and Slovakia.

Relations in the area of passenger transport operations between the former republics of the USSR are also not developing straightforwardly. Contrary to agreements signed with Russia, the latter are independently, without coordination with partners, cancelling trains and reducing traffic. Russian railroad workers have especially many complaints against the Ukrainian "zalznitsa" (as the Ukrainian mainlines are called now), which without warning has cancelled the Mariupol-Saint Petersburg and Mariupol-Voronezh trains and all extra trains to Russia from the Donbass.

There are many problems with Azerbaijan. Trains from that republic arrive in terrible shape and they seriously threaten traffic safety and the life of passengers. Repeated warnings have yielded no results. That is why, beginning 10 January Baku-Moscow train 191 is not being admitted into Russia. Such complaints are also being made against the maintenance of Moscow-Tbilisi train 13/14.

Customs barriers also contribute a fairly big mite to the severing of a single rail space. Specialists have calculated that one Lvov-St. Petersburg train alone must go through eight customs checks on its journey.

A striving for unity is evident for now only in the area of rate policy. Although for more than a year already we have been living under conditions when various rates

operate in interrepublic service and a ticket one way is almost twice as expensive at times than to the other. At the suggestion of all the mainlines Russia's Ministry of Railways is developing a new inter-state rate, which all the states would establish.

## REGIONAL AFFAIRS

### Moscow Mayoral Candidate Astafyev on Priorities Pending Election

934F0054A Moscow DEN in Russian No 4, 31 Jan-6 Feb 93 p 1

[Article by Mikhail Astafyev: "Control. Prohibition. Incentive"]

[Text] A session of the Moscow City Soviet has scheduled elections for head of the capital's administration for 28 February 1993 (the date has not been confirmed officially as yet). Among the candidates for this office there are several representatives of the patriotic opposition. DEN will afford each of them an opportunity to deliver his message and answer the question, "If you become head of the administration, what will your first actions in the new office be?" This question is answered today by Mikhail Astafyev, people's deputy of Russia and chairman of the Constitutional Democratic Party.

Popov and Luzhkov have not only upset but also warped the machinery of power in Moscow. Almost everything in it needs to be replaced, starting with the titles. And in the event of election victory, I would immediately attempt to remove from usage the words "mayor" and "Moscow Government." I would by no means be doing this out of a love of philosophical exercises, but to bring form into line with content.

Luzhkov's people, now calling themselves the Government of Moscow, are in fact endeavoring to "govern"—endeavoring to implant in the city their notions of how life should be lived. We have in the shape of these people acquired a second edition of the CPSU city committee: The latter was dragging us into the shining communist future, they are pulling us into a capitalist future.... The difference between them is merely the fact that no ordinary Muscovite knows precisely the whereabouts of the Politburo giving orders to Luzhkov: whether in the Kremlin or in some overseas headquarters.

The city executive is today governing in accordance with prescriptions alien to the majority of the electorate. But it should be administering—administering real life, without pretensions to a particular strategy. And the organ of this power should, as in the old days, be called a council and be placed under the control of the representative authority. We have had enough of governing bodies operating per instructions from on high. Let us finally switch to self-government based on the interaction of the executive and legislative authorities.

If I win the elections, I will immediately adopt measures to end the war which is flaring up currently between the administration and the Moscow City Soviet. There is



nothing for me, as distinct from Luzhkov, to share out with the deputies. I do not intend to introduce the privatization programs which are angering the people and against which the deputies are protesting. My plans do not include patronage for some thanks to the robbery of others. And I am sure that it would not be difficult for me to find a common language with the deputies. We would formulate together a strategy of the city's development in keeping with the interests of the majority of the population.

I am a candidate for the position of head of the administration not in order to have a seat at the helm of Moscow power only together with my closest fellow thinkers. Absolutely not. I am running for election as a representative of parties and movements of a state-patriotic orientation and intend, given a successful outcome of the election struggle, to invite to leading positions in the administration competent people from all political organizations which are a part of the National Salvation Front. I will need to assemble in the administrative system the most capable of officials and to organize their harmonious activity. I hope to be able to cope with these two tasks. But neither I nor any other administration head could ensure control of the administrative machinery by himself. And given a lack of control, even the most honest officials begin, as we all know, to steal and abuse their authority. Only the administrative machinery's complete openness to control, on the part of the deputies, primarily, can keep it from temptation.

When the executive and the representative authorities, set by Popov and Luzhkov on different sides of the barricades, unite in interaction, when neither authority has the opportunity to act to the detriment of the interests of the people, Moscow will then necessarily have hopes of better times.

What would I say to the administrative machinery and the deputies were I to become head of the administration? First, I would say that the market is not an end in itself. And those who are trying to persuade us that market reforms must be accompanied by wholesale poverty are brazen liars. Examples of this are postwar Japan and the FRG, and present-day China. Second, I would say that the policy which was pursued in Moscow by Popov and which is now being pursued by Luzhkov is one of sabotage, not reforms. The market model which they have been implanting is strangling the capital's economy and depriving two-thirds of Muscovites of a future. But, having said this, I would not be calling on anyone to cancel everything and start everything all over again. It will be essential for the new authorities to take account of reality, and they must not embark on another revolutionary shakeup.

Having declared that the market means complete freedom of trade, which no one has the right to inhibit, the present authorities are making it possible to conceal from taxation billions of rubles. The new authorities must have done with this once for all, for complete freedom of trade means not the market, but robbery.

Were, for example, Popov and Luzhkov to take to New York 100 bottles of vodka and to begin without having acquired the requisite permit to sell them on Broadway, they would both a few minutes after having started to sell them find themselves at the police station. Selling without a license in New York is prohibited, as is a failure to pay income tax. Nor are the local authorities here afraid of rebukes that they are infringing freedom of trade and democracy and engaging in flagrant bureaucratic rule.

Given a normal, not a wild, market, the executive should rule with the use of customary administrative measures, that is, it should punish swindlers for nonpayment of taxes and homeowners and tenants of buildings for garbage and dirt on their grounds and should kick the militia for the license of criminals. But at the same time it should with all means and methods available to it encourage and support those who are working for mass consumption—in industry and in trade.

I would begin my activity in the office of head of the administration of Moscow with steps in these two directions: on the one hand prohibitions, restrictions and pressure, on the other, incentives and privileges. I have no doubt that the introduction of the sensible administrative regulation of municipal life would produce positive results. But I realize perfectly well that no efforts to create in Moscow an oasis of prosperity will be successful as long as the present policy of the center continues. Moscow is linked with the whole country, and all the processes occurring in other cities and regions are reflected in it. The Moscow authorities can only soften, not prevent, the blows. And for this reason, the main task of all healthy political forces in Moscow remains a change of power in the Kremlin.

#### **Moscow's Year of Economic Reform Deplored**

934F0070A Moscow NEZAVISIMAYA GAZETA  
in Russian 26 Jan 93 p 2

[Article by Ivan Rodin: "The Moscow Government of Economic Reform Is One Year Old: Moscow Is Still There, but There Is No Reform in Sight"]

[Text] A year ago, on 24 January, Moscow got its own government of economic reforms, which, as envisioned by the the mayor at that time, Gavriil Popov, was to realize the extensive powers he had secured from President Yeltsin with respect to privatization and demonopolization of the capital's economy, streamlining the system of city management, and making Moscow a showcase of successfully building a new life, for the rest of Russia to follow.

The composition of the new government of economic reform turned out to be a slightly modernized old one when it comes to people, but more so with respect to its structure. Direct subordination of sectoral departments to the number-one leader has disappeared. Instead, five large branches were created: municipal services, long-term planning, social protection, territorial administration, and economic reform. I will refresh your memory

as to who took charge of them. Boris Nikolskiy—chief first deputy of the prime minister—got municipal services. This was completely in line with his professional qualifications, which have not disappeared over the period of his occupying the chair of the second secretary of the Central Committee of the CPG (that is [the Communist Party of] Georgia, of course). Vladimir Resin, the chief of the Moscow construction complex and a man close to Yeltsin, took charge of long-term planning. Interestingly, he continued to head his Moscow Construction Committee, now renamed a construction department and included in his new agency. Viktor Korobchenko retained his old job as social protection chief, refuting by his monumental presence the thesis that in an epoch of bold monetarist transformations the authorities pay less attention to this area. Ernest Bakirov left the post of director general of the department of the mayor, to busy himself with the system of territorial administration and to finally create a new city structure—a municipal district that was to put an end to the sovereign and obdurate rayon soviets. And Konstantin Buravlev—a young former entrepreneur of the first wave of cooperatives, who later, however, became privy to the mysteries of the Moscow Construction Committee's corridors—became the curator of the economic reform division. A new man also came to the post of the head of the Moscow Committee for the Management of Property. It was Yuriy Andreyev, a former USSR people's deputy.

The chief ideologist of the economic reforms, however, did not settle in the new government. He—or rather, she—made her home in the department of the mayor: Larisa Piyasheva, supporter of people's privatization, who stubbornly called herself a liberal more extreme than Yegor Gaydar himself; her concept of accelerated privatization of trade, public catering, and consumer services was approved by the mayor as the official ideology for the cabinet subordinated to him through Yuriy Luzhkov. The new government started to implement the new ideology, albeit reluctantly (there were reasons for that) from the very first day and at first with sufficient fanfare.

Now, a year later, it is worth noting that the accelerated privatization à la Mrs. Piyasheva has produced results quite different from those expected by the mayor and the vice mayor. The proclaimed purpose was to create a city market saturated with goods (first and foremost food) and services. However, the new proprietors—including, and especially, labor collectives—in their activities cared much more about their profits than about the population, and were turning their stores, laundries, and cafeterias into commercial stores and pricey cafes, or closed them altogether in order to sell the valuable real estate at best prices. Therefore, as early as in the beginning of the summer, the government started putting its gears in reverse and studying the options for prosecuting the obdurate proprietors in court. In March 1992 the capital cabinet of the reform devoted itself to salvaging the city treasury, demanding budget subsidies from the federal authorities. Inflation, however, was developing with

such a lightning speed that in the time required to have the needed amounts concurred on and approved, they no longer could solve the problem of the city budget's deficit. Thus, the reforms were put on the back burner.

To avoid enumerating what has been done and what has not, let us look at the appearance by Mayor Yuriy Luzhkov, his five first deputies, and the mayoralty's Administrator of Affairs Vasilii Shakhnovskiy on the Moscow television channel shortly before the new year with the report on the results of the past year. It is significant that the government of economic reform in its report did not deem these very reforms worth a single word, speaking mostly about social protection measures—which indeed are impressive—housing construction, city communications, food supply, and a little about the capital's current political battles.

Let us try to sort out why. When Gavriil Popov decided to set up a new administration with such an illustrious name, he undertook to supply its ideological underpinnings, while leaving personnel matters in the hands of the vice mayor. The latter said right away that his government would be outside politics, and kept this promise by retaining all the old cadres—trusted, albeit not particularly reform-minded. Gavriil Popov, who was aiming at higher offices, needed economic reforms in Moscow exclusively for political purposes, while Mr. Luzhkov, as a true economic manager and a strong administrator, who, thanks to perestroyka had jumped over several steps in the hierarchy at once, was concerned only with keeping the municipal services in reasonably good shape. For Mr. Popov, the success of economic reforms in the capital would have become a major trump card in his political career. For Mr. Luzhkov, privatization, demonopolization, changes in land and tax relations, and so on meant more money in the city budget—to buy food, build housing, stockpile fuel for the winter, and clean the streets. Therefore, Larisa Piyasheva's concept of the authorities' complete withdrawal from the city economy, adopted by the government on paper, in reality had been changed even before Gavriil Popov's resignation and his departure for a stormy political life.

Immediately after this event, heavy clouds gathered over Mr. Popov's man—Yuriy Andreyev. In September, under the barrage of criticism of his government, he resigned—practically at the same time as Larisa Piyasheva. Yuriy Luzhkov, who now combined two jobs in one, completely turned away from the latter's program, essentially jettisoning the glorious accelerated privatization. Its implementation was handed over to administrative districts, whose chiefs had been saying for a long time that their main concern was the people, not entrepreneurs. The crowning conclusion of capital reforms running ahead of the country was the reshuffling at the post of the head of Moscow Committee for the Management of Property. Konstantin Buravlev's man, Aleksey Prokopyev, had been an acting head for three months and then was replaced by Aleksandr Nikitin, until then a total unknown. This new chief came straight from the bowels

of the mayoralty's apparatus—its personnel department; before that, he had had some experience working in the MVD [Ministry of Internal Affairs].

What conclusions can one draw from the year-long experience of the existence of the capital's government of economic reform? There is nothing new in this experience. It proved once again that effective transformation of an isolated entity, even if it happens to be the capital, is impossible. It also proved once again that economic reforms conducted for the sake of political gain lead to no good. This year-long experience should probably provide a hint for Yuriy Luzhkov (or some other mayoral candidate) that city authorities should not lock onto just one branch of federal power. Gavriil Popov, covering himself with Yeltsin's decrees, objectively transplanted onto the capital soil all the complexity of the relationship between the parliament and the president, having also exacerbated it with his own difficulties with the Moscow City Soviet. Because of that, Yuriy Luzhkov all this time—before and after he himself became mayor—had to maintain order on the capital ship as it plowed through stormy seas, and with a warring crew at that. And while it is true that Moscow's accelerated economic reform has not produced any particular successes and that Moscow has not become a showcase for the rest of Russia, that is not Mr. Luzhkov's fault. This man has never been a supporter of such reforms, for which we probably ought to be grateful to him.

#### **Moscow Pricing Policy Administration Chief on Price Movements**

934F0069A *Moscow MOSKOVSKAYA PRAVDA*  
in Russian 14 Jan 93 p 3

[Article by A. Korolko, head of the Moscow Pricing Policy Administration, under the "Commentary of the Week" rubric: "Prices Will Rise But Not Gallop"]

[Text] I would love to give the Muscovites good news by saying that if not right away, then in the not too distant future prices in the stores will stop rising from day to day. Unfortunately, as much as I would like to, I cannot say this. Everyone understands that prices will keep rising. People are already reconciled to it as an unavoidable evil. The only wish most of us probably have is that prices do not go up this fast, do not gallop.

This is actually the task the government of Moscow is currently trying to tackle. To be precise, to make the first step in the resolution of this problem—that is, to start—protect the consumer from the arbitrariness on the part of both the trade sector and the producer.

Is there such arbitrariness? Without doubt, there is. This is especially obvious when an attempt was made to give our huge economy the strong medicine of free-floating prices. What followed was, frankly, a surprise for even the most convinced supporters of the proposed course of "treatment": Prices immediately jumped not two-, three-, or four-fold, as had been forecast, but tens-fold. The nasty trick resulted from the universal

temptation to ensure one's own financial well-being in the simplest way—by arbitrarily raising prices for products.

All of us seemingly overnight jumped from one vicious circle to another—perhaps even more vicious given our circumstances. In essence, labor collectives of producer enterprises wanted to earn higher profits without expending any extra efforts or resources. The trade sector also wanted its share. Many trade enterprises (those that had left the state sector) increased the so-called markup to unheard-of levels—50, 100, or more percent as compared with 10, 15, 25 percent set by the Moscow government. It is clear that no one other than regular consumers had to pay for all this "entrepreneurship."

Hence, three parts of the task that need to be resolved now. First: to rein in trade enterprises' appetites by imposing controls over trade markups on essential goods. Second: to put pressure—through legitimate means—on enterprises on the list of monopolies (there is such a list), to ensure that prices for their products are commensurate with costs rather than set by the principle "take it or leave it." Third: to ensure actual control over what is being planned and regulated by documents adopted in accordance with proper procedures.

I understand perfectly well that within certain circles these measures will be perceived and characterized as an attempt to reanimate the old order. Accusations of this sort are already floating around: It undermines entrepreneurial freedom, they say, and with it, the foundations of the market economy. What can one say to this? In my opinion, this reflects either a lack of understanding of the frightening realities society is facing, or a populist demagoguery. In the economy, all sorts of collapse- and avalanche-like phenomena are no less dangerous than they are in nature. They may cost hundreds of thousands of human lives (which, by the way, already is happening), and the life of the state as a whole. We cannot allow all of us to be buried under the debris of the old economy. The road to the market must be built not intuitively, but soberly, using common sense, and conscientiously.

Of course, what the Moscow government is planning to undertake with respect to prices is only a half-measure. Until the economy starts moving forward, we cannot count on stabilization, let alone on declining prices. But if we completely eschew the use of any regulators, letting spontaneity take over, we will have to sit and wait for positive changes in the economy with as much control as we would have over the weather.

The Russian Federation and the Moscow government, however, do not intend to sit and wait any longer. In particular, on the eve of the New Year, on 31 December, Prime Minister V. Chernomyrdin signed a decree on state regulation of prices for essential goods. The regulation of the profitability level on such goods also applies to enterprises not on the monopolies list. On 15 January, a document adopted by the government of Moscow goes



into effect, that will define new procedures for determining the maximum allowable trade markup that was mentioned above.

#### **Moscow Procurator, Justice Administration Differ on Prosecuting DEN**

934F0069B Moscow MOSKOVSKIY KOMSOMOLETs in Russian 12 Jan 93 p 1

[Commentary by Aleksandr Minkin: "Moscow's Procurator General Does Not Know the Criminal Code"]

[Text] At the end of last year, the Moscow Antifascist Center published an open letter to Moscow's Procurator General Ponomarev. The subject was the DEN newspaper. In particular, Ponomarev was asked: "Is it permissible to mock the judiciary and publicly, in the newspaper, insult people's judges?" And it cited a specific example: "People's Judge I. Vorobyeva (Dzerzhinskiy Rayon People's Court) made a ruling against the DEN newspaper on a case involving honor and dignity. The ruling was upheld by the Moscow City Court and became *res judicata*. This did not keep DEN editors from ignoring the court ruling and showering the judge with rude and indecent verbal abuse."

Soon, the Moscow Antifascist Center received a reply from Moscow's Procurator General Ponomarev, which said: "Regretfully, the law practically permits mocking, as you put it—and I completely agree—the judiciary, and the DEN newspaper is not the only one excelling in it."

It would seem that all that is left is to "regret" together with the city procuracy. And continue to put up with the mockery. The Moscow Antifascist Center, however, also received an answer to its question from the Moscow Justice Administration as well. The administration's chief, Kostanov, says: "Having looked into your official inquiry, the Moscow Justice Administration shares your serious concern and disquiet over a number of materials published in the DEN newspaper, which are clearly aimed at inciting national and racial enmity and social intolerance. We have sent a letter to the Moscow procurator general, Comrade Ponomarev, advising him to initiate criminal proceedings in the incident of the DEN newspaper publicly insulting People's Judge Irina Mikhaylovna Vorobyeva of the Dzerzhinskiy Rayon People's Court in accordance with stipulations of Article 176 of the Russian Federation Criminal Code, and to conduct a preliminary investigation in accordance with current law."

It turns out that there is, in fact, a law. And instead of offering "regrets," it should be used. Ponomarev's incompetence is becoming increasingly puzzling.

#### **Moscow Pricing Administration Head Denies Gas Price Hike Rumors**

934F0084A Moscow KURANTY in Russian 13 Jan 93 p 1

[Article by Vladimir Strakhov, correspondent of KURANTY: "They Say That... Horrors About Gasoline"]

[Text] Persistent rumors about an impending increase in gasoline prices are going around in Moscow. At many filling stations lines are forming: Automobile owners are stocking up in fuel for the future. How realistic are the new prices for gasoline? A correspondent of KURANTY turned with this question to the chairman of the Administration for Price Policy of the government of Moscow, A. Korolko.

"New rates for gasoline have been examined by the city leadership already for 2 months," said Aleksandr Petrovich. "Its price depends above all on prices for the oil that is received in the capital. Before the new year, it was at the level of R10,000 per tonne, and for this reason 1 liter of gasoline for the time being costs R23-25. But the suppliers of oil, and above all from Tatarstan and Udmurtia, insist on a sharp increase in prices, almost 1.5 to 2-fold—to R16,000-19,000 per tonne. In the case of the purchase of oil for maximum prices, gasoline will cost R50 per liter.

"The government of Moscow is doing everything possible to avoid a twofold increase in prices. It should not be forgotten that, besides private automobiles in the city of many millions, there are thousands of automobiles that belong to budget organizations. The ambulance "vehicles" and the transportation of products go at the expense of the city budget, and this is why increased rates for gasoline also have an effect on the capital treasury. And these are billions of rubles that could go for the development of other social spheres.

"We clearly realize that we will not succeed in reducing the previous prices, but we are trying to maintain them if only at the level of R12,000-15,000 per tonne. In this case, 1 liter of gasoline will cost R30-40. In so doing, it should be taken into account that we are talking only about the gasoline brands AI-93 and AI-76. The prices for AI-95 will be free. At the present time, the management of the Moscow oil refinery in Kapotno conducts weekly negotiations with the suppliers about the rates for oil. But, unfortunately, up to now they have insisted on the high prices. I hope that nevertheless a way out of this situation can be found: through barter or in another way somehow.

"It is also worthwhile to remember that in Moscow the gasoline is the cheapest of all 11 central oblasts in Russia. There gasoline for a long time has cost R28-40 per liter. For this reason, the couriers from those regions are frequent guests at Moscow filling stations."

Yesterday the editors received a report from the mayor's press center in which it is indicated that the Moscow government in the near future independently is not planning to raise the prices for gasoline and other products. This question falls within the competence of the Russian government, and only a corresponding decision of the central state authority can serve as a reason for actions of the government of the capital.

### **Scheduled Moscow Administration Head Election Challenged**

934F0084B Moscow KURANTY in Russian 10 Jan 93  
p 4

[Interview with G. Ponomarev, procurator of Moscow, by Pavel Zakharov: "G. Ponomarev: The Government Catches It More Frequently"]

[Text] As KURANTY has reported, at the 12th session of the Moscow City Soviet took a decision about holding elections for head of the Moscow City Administration on 28 February 1993. However, the procurator of Moscow, G. Ponomarev, protested this decision, having noted that it contradicts existing legislation and is subject to repeal.

Our correspondent asked G. Ponomarev to tell about the possible future course in this legal dispute. This is what he said:

[Ponomarev] According to the law, the protest must be examined within 10 days by the organ which took the decision, that is by the session of the Moscow City Soviet. I have beforehand spoken with the deputy chairman of the Moscow City Soviet, Yu. Sedykh-Bondarenko, and he reported that the continuation of the work of the 12th session is scheduled for 11 January. There, evidently, our protest will be reviewed.

If this will in fact happen, we will consider that the deadline for the examination of our protest is observed.

[Zakharov] And if the deputies will not agree with your protest?

[Ponomarev] Why, if our arguments will not be accepted and the Moscow City Soviet declines the protest, then I think—I cannot now state because I know neither the fundamental position of the Moscow City Soviet, nor its arguments, and for this reason I propose—that in this case we will go to the Moscow City Court. This is our right and our duty.

Well, what happens then will depend on the decision of the Moscow City Court and the reasons for this decision. If our protest, our application to the court will be satisfied, we, too, will be satisfied. However, such an outcome of the case will hardly suit the Moscow City Soviet, and probably it will appeal this decision to the Supreme Court of the Russian Federation.

If the city court will not agree with our arguments, it may be suggested—again depending on how the rejection will be justified—that we will go to the Supreme Court.

[Zakharov] Gennadyi Semenovich, your protests are perceived by many deputies of the Moscow City Soviet rather painfully. They believe that you show more condescension to the decisions of the Moscow's mayor's office, perhaps. . . .

[Ponomarev] For the procuracy, the main thing is the observance of legality. As far as executive power is concerned, we have brought in significantly more protests against its decrees and directives than against decisions of the Moscow City Soviet.

For example, sanctions on the sale of alcohol and tobacco products in commercial trade were introduced by the government. If these commodities are not corroborated with documents on the sources of their acquisition, the possibility was established of removing them and transferring them to the sphere of state trade. We protested this decision, and the government introduced changes corresponding to the law in the document.

At present a protest apropos of the infringement of the rights of the Moscow Committee on the Protection of Nature (Moskompriroda), rejected by the government, is being reviewed by the Moscow City Court.

As a whole, last year we brought in no less than three dozen protests against decisions of the Moscow government and the mayor's office, moreover in regard to the most diverse directions.

### **Militia's Losing Battle With Moscow's Organized Crime Analyzed**

934F0081A Moscow SOVETSKAYA ROSSIYA  
in Russian 26 Jan 93 p 2

[Article by Nikolay Modestov: "Heartfelt Talks With Grenades in Hand"]

[Text] Moscow Oblast—Only a person remote from life can see in assemblies of thieves and sorting-out sessions among robbers the observance of a code of "honor" of the gentlemen from the highway. Their principles are the obverse of commonly accepted morality: reliance is placed on perfidy, merciless cunning, cruelty and animal strength.

Alas, with every passing year it is becoming more and more difficult to expose the kings of the criminal world; they have gained force and, for all practical purposes, have become a state within a state.

They were pushed into a narrow garage door. After taking two cautious steps in the gasoline-smelling semi-dark, Mkhitarian and Klimkin stopped. Behind them they heard the heavy breathing of the "buddies" who had brought them there for a "heartfelt" talk.

In the next moment Klimkin, whom terror gave strength, made an abrupt break for the door, pushed aside the two bandits who stood in his way, and rushed toward the road. One of his pursuers fired on the run from a sawed-off shotgun. The fleeing man stumbled and fell in the snow.

His persecutors gathered around him in a close ring. Someone bent over and looked into the face of the man who had fled: "Ready." At that very second their attention shifted entirely to the other prisoner. In the heat of the chase they had forgotten about him, and he, taking advantage of his only chance, had leapt toward the Zhiguli that was standing by the garage, lunged into the car, and pushed the button that locked the doors. He did it in time; the mob immediately ran up to the car: "Open up, or it will be worse!" But the escapee realized that it would not be any worse. With fingers that barely obeyed

him, he turned the key in the ignition. And—there was no sound he wanted more to hear at that moment—the engine started.

Mkhitaryan had barely raced into Shchelkovo when he realized that he would not escape the chase: The Zhiguli was an old one; it was barely making it, and his pursuers were giving their six-cylinder and eight-cylinder cars everything they had. And here fortune smiled on him once again: on one street he caught sight of an emergency medical vehicle. Throwing his Zhiguli across the road, Mkhitaryan jumped out and ran up to the stopped ambulance: "Save me; killers are chasing me!"

Shots rang out from the Zhiguli. "Faster, to the militia!" Mkhitaryan shouted. The driver, whom the whine of the bullets helped shake out of his state of paralysis, rushed in the direction of the local internal affairs department.

"At the militia station Mkhitaryan came to his senses," says Vladimir Buyev, deputy chief of a subdivision of the organized crime administration. "Of course, he did not intend to tell the truth. He would have had to explain the reason for the conflict with his recent friends. According to the story Mkhitaryan told, he and a friend who had come from Bryansk to buy a car set off for the garages. There unknown men attacked them and started shooting. He has no idea where his comrade is. He is very much afraid for his life and asks to be protected against the criminals."

After a while it became obvious that Mkhitaryan was lying. But it proved impossible to catch him at it; together with his minor-age girlfriend, he fled.

"The location of Mkhitaryan," Vladimir Buyev continues, "who is wanted on suspicion of murder, is still unknown. According to operational information, he is alive and well, and his girlfriend has already had a baby. He is the only one of the gang who has still managed to avoid arrest."

The sorting-out session in the garage occurred a year and a half ago. The detectives, who did an immense amount of work, learned the real reasons for the conflict and the names of the victims and participants. Now that Kapralov and the soldiers in his gang have been arrested, it is possible to relate the mafioso's "exploits" in detail.

At first the Kapralov gang was only one of many in the Shchelkovskiy Rayon. An "authority" known as Papa with a series of prior convictions was considered the leader. He directed all their affairs and educated the young members. But the career of Papa and his immediate entourage was suddenly cut short by their arrest and conviction for robbery. Although Papa's "team" could have very well been arrested under the article proscribing banditry.

Nature abhors a vacuum. Papa's role was assumed by Chika, as his friends called him, who also had repeated prior convictions. This "authority's" biography was fitting. He was first convicted at the age of 22, for desertion and possession of a firearm. His next conviction was for theft of state property. In the past, Chika had had

considerable success in boxing. And probably in order to keep in physical shape, after serving his next term he worked as a grave digger. Granted, he did not endure such exhausting work for long, and in 1988 he was unemployed. Unemployment had no effect on Chika's material well-being. As before, he dressed fashionably, drove around in new cars, loved the society of young ladies, and frequently gave noisy and not always peaceful dinner parties. Chika engaged in racketeering and robberies and collected "taxes" from vendors in commercial booths. Having extensive connections in the trade sphere, he resold wholesale lots of scarce goods, earning immense amounts in the process.

They started with the humdrum resale of vodka, which they stored in a dovecote. Then they began serious business—extortion, computer machinations and theft. Using information provided by a member of Mazurov's gang, they stole a shipment of electronic equipment. Chika's right-hand man Semin, known as Afonya, quickly sold it for a large sum. But he did not share conscientiously with his comrades, paying each of them the laughably small sum of 800 rubles. And that became the reason for a serious sorting-out session. Mazurov started to insist on his rights: how is it that I provided the "lead," yet I get kopecks? In lieu of compensation, Semin, quick to exact revenge, used Mazurov as a punching bag.

Then Mazurov appealed to protectors—a strapping couple of "Afghan" fellows, Klimkin and Mkhitaryan. They fulfilled their promise to "sort things out in manly fashion" with the offender. One must admit that they knew their business: Semin or his corpse has not been found to this day.

The disappearance of his "pal" immediately became known to Chika. On his order, Mazurov was beaten in the garage, and Mazurov gave up his friends. Their turn came for a "heartfelt" conversation. How it went, we already know. It remains to be added that Kapralov hauled away Klimkin's body in a car. The vehicle was then burned (a lot of blood had spilled inside). Mazurov's corpse, which had not been found, either, was hauled off by Chika himself.

Soon, through the efforts of detectives in the organized crime administration, practically all the participants in the bloody sorting-out session found themselves under investigation. Only Chika could not be arrested. Returning home one night from a restaurant in the company of one of his girlfriends, the mafiosi leader suffered an accident. He found himself in the surgical division of the Sklifosofskiy Institute with a broken shin. However, on the night before he was to be arrested, two faithful friends removed Chika from the hospital and took him to parts unknown. He has been on the run ever since. According to available information, at present he is apparently engaged in business in Canada, where he went on a forged passport.

The gang members abandoned by their leader did not languish for long in incarceration, either. Although there



was evidence that the Kapralov gang had committed serious crimes, murder could not be proven: the suspects' personal ties came into play, and the flight of Mkhitarian also played a role. Nine months later, Kapralov, now with the aura of the "victorious and all-powerful," walked free.

He was involved in everything that a self-suspecting mafioso of his level should be involved in: he controlled a gang of racketeers and house burglars; he stole cars from rich speculators; and he imposed stringent taxes on liquor runners. His name settled disputes. And Kapralov himself, as his colleagues called him, would come to sorting-out sessions carrying a grenade. Once, incidentally, that ended unfortunately for him: the grenade blew up, tore off part of his right hand, and injured his eye. But Kapralov's character is flint. Getting ahead of my story, I will say: When he was captured a second time, the officers found another grenade.

How difficult it was to expose the criminal activities of the Shchelkovo bandits, one can judge from the following fact: Detectives had to spend several months trying to persuade one extortion victim to write a statement to the militia. Another merchant, on whom the bandits imposed a monthly tax of R200,000, preferred not to show up at the militia for a month and a half.

Kapralov was arrested with incriminating evidence in the process of collecting a payoff. Some minor gang members were caught along with him. His closest aides had not taken part in the action. On the other hand, on the eve of 1 October, following a brilliant operational combination that can only be compared with a chess combination, the whole "flower" of the mafia was arrested. They were riding in a car that was being sought as material evidence of a robbery. Nothing better could have been thought up!

The militia's success is obvious: for all practical purposes, one of the strongest mafia gangs has been broken up. However, I did not detect joy or optimism in a single one of the detectives. Moreover, according to Sergey Zhukov, the department chief, the case of the "Kapralov brigade" may once again prove the impotence of our state in the fight against organized crime.

"Kapralov and company are a pure gang," explains Sergey Zhukov. "And they ought to be tried under the article on banditry. But, as has already happened dozens of times, they will be charged with a petty crime—the possession of firearms and theft. Yet all the signs of banditry are present—an armed gang created for attacks on commercial structures or individual people, the distribution of roles, a leader and those who carry out orders.

"Alas, judicial experience shows," continues Sergey Vasilyevich, "that such cases are quite often decided—in favor of the criminals. And our work to expose arrant mafiosi is more and more often consigned to the archives. Today's organized crime is a state within a

state, which lives by its own laws. And it becomes more and more difficult with every passing day to fight that force on an equal footing."

#### **Agricultural Minister Evaluates Moscow, St Petersburg Food Supplies**

934F0081B Moscow NEZAVISIMAYA GAZETA  
in Russian 30 Jan 93 p 2

[Unattributed article: "There Will Be No Hunger"]

[Text] According to Viktor Khlystun, Russian Federation minister of agriculture, who spoke on 29 January at the international conference "Prospects for Agrarian Reform: the Strategy of the Transitional Period," accumulated food reserves will be sufficient to prevent hunger and hold out until the 1993 harvest. Thus, in Moscow and St. Petersburg, which are the most "difficult" from this standpoint, meat reserves substantially exceed the level of early 1992.

In the minister's opinion, consumers will have no problems with animal fat, pasta products, and groats. The situation with respect to stocks of vegetable oil and sugar is somewhat worse.

According to Khlystun's optimistic forecasts, per capita consumption of meat and milk may increase in 1993.

#### **January Murder Toll in Moscow at 91**

934F0083A Moscow NEZAVISIMAYA GAZETA  
in Russian 4 Feb 93 p 2

[Article by A.B.: "Crime: 91 Murders Committed in Moscow in January; Entrepreneurs Attacked"]

[Text] According to the Moscow Procuracy, 91 murders were committed in the capital in the first month of 1993 (the figure for last January is 42). Several reports from police files for the last week of January follow. The first serious crime occurred on the night of January 25 near the Rossiyanika Hotel (1 Lenin Prospekt), almost across the street from the Russian Federation Ministry of Internal Affairs. At 01:30, a young Ossetian was found behind the wheel of his car; he had been shot through the head. According to preliminary information, he had lived in the capital for some time, playing cards for a living.

In the evening of that same day, the chief manager of the Russian Federation Academy of Sciences Institute of Surgery was murdered. An unidentified assailant went to his apartment on Bolshaya Cherkizovskaya Street and rang the doorbell. When the occupant opened the door, the assailant shot him in the head with a pistol.

At about noon on January 30, unidentified assailants attacked the assistant director of the Rossiya Cooperative, a man known as a boxer. After driving to the parking lot outside his building, another car came from around the corner and someone in it shot the businessmen several times with a pistol. Three bullets hit him in the head and chest, and the victim died several minutes later.

**Moscow Oblast Soviet Deputy on Legislative, Executive Power Clash**

934F0083B Moscow ROSSIYSKAYA GAZETA  
in Russian 29 Jan 93 p 4

[Moscow Oblast Soviet Deputy Aleksandr Dementyev interviewed by Nina Donskikh: "Power: Who Needs Local Soviets"]

[Text] Our society is a society of struggle and constant effort to overcome obstacles. All our other problems have been joined by yet another problem, one widely covered in the press—the confrontation between the legislative and executive branches of government.

We spoke with Aleksandr Dementyev, a people's deputy to the Moscow Oblast Soviet and chairman of the sub-commission on work with local Soviets.

[Dementyev] There is a conflict. But there's nothing terrible about this, in my opinion. On the contrary, in many ways it's to be expected. The authors of most articles can't answer the question of who is fighting for what; some don't want to, while others try to reduce the problem to the struggle between "reformers" and "conservatives," "democrats" and "partocrats."

In my view, we need to take a closer look at government as a whole, considering that it influences a single object—state and social processes. The functions of government are divided into legislative and executive branches, and responsibility is divided between society and the individual.

[Donskikh] Many people are talking today about the ineffectiveness and unwieldiness of the Soviets, concluding that we don't need them.

[Dementyev] Take a simple situation: the question of building a new plant. For the city budget and the city's economic development, this is good. However, it's a chemical plant, and any chemical production facility damages the ecological situation. So some people will be for it, while others will be against. The path to compromise is this: Build the enterprise as far away from the city limits as possible, install treatment equipment, and so on. Under the law "On Local Self-Administration," only the Soviet is empowered to decide this question.

And if we want to build a democratic state, it is important and essential that we identify the causes of the Soviets' ineffective work.

The Soviets are currently undergoing a very profound process of establishing themselves as a branch of government and starting to view themselves as such. Let us recall that prior to 1989, government did not have the function of representing the interests of the public.

[Donskikh] However, most people are concerned with the problems of everyday life, such as who to turn to if the roof starts leaking or if the power goes out.

[Dementyev] This is specified in legislation: They should go the chief of the local administration. He is responsible for the operational management of his territory.

[Donskikh] And what is the deputy responsible for?

[Dementyev] By law, the local Soviet establishes, for example, regulations for allotting parcels of land to residents. How are priorities to be set in allotting land? In what order? The administration chief is not empowered to decide these matters on his own.

The local Soviet is responsible for the procedures and regulations, while the administration chief allots a parcel of land to a specific individual on the basis of these regulations and bears responsibility for this. But today, owing to the fact that the slogan of strengthening executive government is so popular in our country, the Soviets, especially at the settlement and rural level, are virtually inactive.

Let me cite an example of what this leads to. In Moscow Oblast, some local administrations have begun charging citizens a land fee for processing official documents registering them as landowners. We're not talking about five or 10 rubles, but about 100 to 200 rubles for each hundredth of a hectare. And this money is being taken from people who have lived on the land since time immemorial. Imagine a situation in which some old woman who has 15 hundredths of a hectare in a settlement has to pay 3,000 rubles.

Meanwhile, the law clearly states that land may be transferred to citizens both for a fee and free of charge. A person who used a given parcel of the land prior to the adoption of the new Land Code in 1991 and the law "On Land Reform" in 1990 is to receive that land free of charge, on the basis of norms established by local Soviets. And he is to be charged only for hundredths of a hectare over and above these norms, although, by decision of the local Soviet, residents may be granted special advantages in this regard as well.

If local Soviets were truly effective, this wouldn't be happening.

There are some interesting figures. A Moscow Oblast resident spent no more than two rubles a year on government bodies in 1990, but 25 rubles in 1992. Is this a lot or a little? It is very little. A figure several times greater was spent on this even in prerevolutionary Russia. But one result of our current austerity measures is that there is virtually a total absence of representative government at the level of settlement and rural Soviets. Meanwhile, some residents of the Moscow region have already shelled out between 2,000 and 14,000 rubles to officially register their ownership of land. Now that's austerity for you!

[Donskikh] What is the outlook for local Soviets, in your view?

[Dementyev] I repeat: A deputy has to work on a professional, full-time basis. Only then will people really start to see the benefit in this for themselves. Judge for yourself: What do people think of a deputy who is constantly forced to ask for time off work, especially in today's situation? And for this reason, a deputy, in order

to really discharge his functions, has to become a professional. In the West deputies are major businessmen beholden to no one or party members whose prestige the entire party seeks to enhance.

The Soviets are often compared with municipalities abroad. It has been reported that in the United States, for example, one municipality has just 12 deputies, while our Moscow Oblast Soviet has 200! I began wondering just how those deputies across the ocean carry out their duties. And I found out that every one of those 12 has his own budget for carrying on official business and his own staff (up to 15 people work for each deputy). And this is not to mention support facilities and equipment or the ability to commission any kind of expert appraisal from well-known, independent institutes.

## INTERNATIONAL AFFAIRS

### 1992 Preliminary Foreign Trade Turnabout Summarized

934E0095A Moscow DELOVOY MIR in Russian  
4 Feb 93 p 2

[ITAR-TASS report on "Preliminary Results According to Estimates of the RF Ministry of Foreign Economic Relations"]

[Text] The foreign economic relations of Russia in 1992 were realized in conditions of the growing crisis of the economy. The rupture of the economic relations that have developed between the producers and whole regions, the fall in the extraction of fuel and raw material resources and the output of the products of the machine building and agro-industrial complexes, inflation and a number of other destabilizing factors had a negative effect on the foreign trade activity of the Russian participants in foreign economic relations (VES), it was reported in the Russian Ministry of Foreign Economic Relations.

The state of the world economy, too, proved to be unfavorable as a whole: The slump in business activity in the industrially developed countries in the presence of the intensified activity of the Russian exporters to sell their goods at reduced prices has caused the lowering of prices for basic raw material commodities of Russian export, while the prices for the majority of goods being imported, first of all—food products, remain the same or are increasing.

As a result, foreign economic turnover (in current prices) in 1992, according to preliminary estimates of the Ministry of Foreign Economic Relations, came to about \$87 billion (a reduction of 9 percent).

The export of goods that have gone through customs registration, in 1992 decreased by \$6-7 billion, or by 12 percent, and came to more than \$45 billion. The physical volume of exports remained at the level of 1991.

If economic assistance (export of special property and technical assistance in the form of gratuitous assistance, as well as at the expense of state credits to insolvent countries, and deliveries to Cuba and Afghanistan on a

nonequivalent basis) in the amount of \$2.5 billion is deducted from Russian exports for 1991, commercial exports in current prices decreased only by 7 percent, and their physical volume increased somewhat, it was emphasized [in the report of] the Ministry of Foreign Economic Relations.

The export deliveries of crude oil came to 66 million tonnes (an increase of 17 percent compared to 1991), or \$8.5 billion (an increase of 19 percent), of aluminum—almost 960,000 tonnes (an increase of 26 percent), or \$11.1 billion (an increase of 6 percent).

At the same time, the export of petroleum products came to 27 million tonnes (a decrease of 23 percent), or \$4.7 billion (a reduction of 7 percent), of cast iron and rolled ferrous metals—decreased respectively by 31 and 50 percent. These indicators do not take into account the illegal export and export of Russian goods through territories of the countries—former union republics, as well as the commercial export of goods by physical persons, which, according to estimates of the Ministry of Foreign Economic Relations came to \$2-4 billion.

In the opinion of the Economic Administration of the Ministry of Foreign Economic Relations, such a state of affairs in export is explained by the reorientation of the fuel and raw material complex toward the export of products abroad owing to its greater efficiency by comparison with deliveries to the domestic market, as well as by the reduction of domestic consumption. In particular, there was a sharp reduction in production for the enterprises of the military-industrial complex and the machine building complex, freight transports, as well as well as trade with the countries of the near-abroad.

The import of goods in 1992 diminished by \$3 billion, or by 6 percent in current prices, and came to \$42 billion. The reduction of imports, to a lesser degree than exports, is explained by the fact that previously Russia's share in the all-Union volume of imports was lower (65 percent) than in exports (80 percent), as well as by the postponement of payments to service the foreign debt, by the receipt of new foreign credits, and by the broad liberalization of foreign trade, which allowed enterprises and organizations to import goods for foreign currency or through barter, according to the Ministry of Foreign Economic Relations.

In 1992 the purchases of food products and raw material for their production were increased. Thus, the quantity of imported wheat increased by 67 percent, sugar—by 13 percent, and vegetable oil—fourfold. At the same time, there was a reduction in the purchases of machines and equipment (by 10 percent), footwear and clothing (by 11 percent), and other goods.

The imports do not take into account the commercial imports of physical persons or the import of goods through the former union republics, spokesmen in the RF Ministry of Foreign Economic Relations emphasized.



**Foreign Economic Relations Ministry To Revise 1992 Export Regulations***934E0105A Moscow KOMMERSANT-DAILY  
in Russian 5 Feb 93 p 3*

[Article by Vadim Bardin: "Preferential Terms on Exports To Be Revised"]

[Text] Of the entire agenda of yesterday's session of the Presidium of the Government of Russia, the greatest practical interest is seen in proposals of the Ministry of Foreign Economic Ties on the revision of preferential customs and hard-currency terms for exports received by certain enterprises and regions in 1992 and renewal of the procedure of affording them. Therefore, KOMMERSANT-DAILY considers it necessary to provide a special commentary.

In practice today, just about every Russian region which has export resources at its disposal—just like many of the very large enterprises—engages in exporting guided not so much by the general norms of state regulation as by the exceptions to these norms—by a variety of officially secured preferential terms. These terms include exemption from export duties or from mandatory sale of a portion of foreign exchange earnings. In this regard, ill-founded (not conditioned, in the judgment of the Ministry for Foreign Economic Ties, by the purchase of socially significant production) preferential customs terms alone "lightened" the income portion of the federal budget in 1992 by 2.2 billion ECU [European Currency Units], which is equivalent to \$2.6 billion, or 5.8 percent of Russia's exports for the year. Observers note a pronounced "seasonality" in the distribution of the preferential terms: Their volume increases significantly as time draws near to the next Congress of People's Deputies. And there is another natural law: Each new government revises the preferential terms which were afforded by the previous government.

The revision of preferential terms for exports afforded in 1992 which was approved by the Presidium of the Council of Ministers should, in the design of the ministry, lead to their overall reduction. The procedure for extending preferential terms in 1993 is also changing. First, it is proposed to delegate adoption of the resolution on preferential terms to the Supreme Soviet, which exporter lobbyists will then encircle. Second, exemption from export customs duty will be possible only "with the aim of supporting the import of food, medicines, medical equipment, children's clothing, footwear, and technological equipment for processing agricultural raw materials." In this regard, the Committee on Tender, planned to be established in the Ministry for Foreign Economic Relations, becomes more significant. The committee is expected to distribute state export resources on a competitive basis. The competition will be won by that exporter who commits himself to purchase, through a portion of his hard currency proceeds, more goods related to critical imports. In this way the Committee on Tender, by "wearing more than one hat,"

may become the key instrument in making the decision on affording preferential terms.

**Uralsk Rayon Contributes Heavily to Exports***934E0075A Moscow MOSKOVSKIYE NOVOSTI  
in Russian No 2, 10 Jan 93 p 7B*

[Article by Andrey Maltsev, doctor of economic sciences: "Uralsk Contribution to Russian Export; Region Provides One-Fifth of the Country's Export Deliveries"]

[Text] The Uralsk Economic Rayon (UER), which includes five oblasts—Perm, Sverdlovsk, Kurgansk, Chelyabinsk, Orenburg, and two republics—Bashkiriya and Udmurtiya, is in second place among Russia's eleven economic regions in its volume of gross industrial production (15.6 percent), and shares third and fourth place in gross agricultural production.

The methodology of our statistics, which in computing export deliveries at the federal level operates in foreign exchange rubles, and at the regional—in domestic wholesale-factory prices, does not allow us to directly compute the total contribution made by the Urals region to the republic's export. Our approximate computations allow us to affirm that in volume of export production the region occupies second place in the Russian Federation. And this is only for civilian export, without taking into consideration the production of the defense complex, for which the Urals region is world renowned. However, there is no open accounting of foreign arms deliveries. Taking into consideration all the commodity content of Urals export and all the channels of goods deliveries abroad, the relative share of the UER in Russia's total export production, according to our estimates, comprises no less than 17-20 percent. The Urals region, with its varied natural-raw material resources, its great economic and scientific-technical potential, and its significant numbers of skilled cadres, may in the near future compensate for the waning export of power resources from West Siberia.

The statistical data which are available to us generally end in 1991, and in a number of cases in 1990. Later information on the region is not yet available. However, the information for 1992 will clearly not testify to an improvement of the situation. (Naturally, we will report to our readers the summary data on the UER for 1992 when they become available to us.)

Uralsk Rayon export is sick with the same problem as Russian export—structural monoculture, disparity in the dynamics of cost and physical export deliveries, and extremely weak integration into international division of labor. In 1990, only 3.18 percent of the gross industrial production produced in the region was given for export. Only the fuel-energy and lumber-chemical complexes of the Urals region have indicators of export capacity which correspond to the average republic level of 7-7.5 percent. Only a narrow sector of the Uralsk economy—the oil and gas industry of the Orenburg region and Udmurtiya, the large-scale chemical industry of Perm and Orenburg Oblasts and Bashkiriya, and the timber processing of

Sverdlovsk and Perm Oblasts—are included in world economic relations. The coefficients of structural specialization (ratio of relative share of the sector in industrial export to its relative share in industrial production) testify to this same fact. In 1990, only four sectors had a coefficient exceeding one: Fuel—2.30, chemical and petrochemical—2.26, logging and timber processing—1.98, and ferrous metallurgy—1.03. In subsequent years, all these indicators have declined.

Machine building in the region in 1990 had the lowest (1.64 percent) indicator of production export capacity, with a structural specialization coefficient of 0.51 (in 1986 it was 0.81), which in fact indicates the total isolation of a large part of Uralsk machine building from the world market.

In 1986-1991 the volume cost of commodity export deliveries of Uralsk enterprises increased by 2.25 times. However, only the shipments of cast iron and ferrous metal rolled stock actually increased (in physical indicators).

The undisputed leader in the cost "race" of the Uralsk exporters is Perm Oblast. By comparable commodity mass, export shipments in rubles increased by 2.69 times. The group of outsiders is enclosed by Kurgansk Oblast, where export was 114 percent greater in 1991 than in 1986, and Udmurtiya, where it was 113 percent greater.

The leading export goods are still ores and concentrates, metals and products made from them. These comprised 37.6 percent of the total Uralsk export in 1991 (39.9 percent in 1986). Uralsk Rayon is the country's main exporter of ferrous and certain nonferrous metals. Its enterprises, specifically in 1991, accounted for 10.8 percent of Russian export of cast iron, 45.4 percent of ferrous metal rolled stock, 12.8 percent of ferroalloys. Out of the 15 largest Uralsk exporters, most of the enterprises (six) represent specifically this commodity group.

Among the sectors, the leader in Uralsk export is the chemical industry, accounting for 24.4 percent of the all-regional deliveries. 55.9 percent of the export production in the large-scale chemical industry of the Urals is concentrated at enterprises in Bashkiriya. One-third of the region's 15 leading exporters are chemical and oil processing enterprises. These, along with the metallurgical combines, provided the total cost increase in Uralsk export in 1991.

The third most important export product is fuel and electrical power (15.3 percent of the deliveries). This is oil from Orenburg and Perm Oblasts, Bashkiriya and Udmurtiya, natural gas from the Orenburg region, brown coal from Bashkiriya, as well as (since 1991) Orenburg and Chelyabinsk Oblasts. The Urals region accounts for 8.2 percent of the Russian export of oil, and 6.7 percent of natural gas. The fuel industry of the Urals region has the highest coefficient of production export capacity (7.27) among all the sectors of the national economy.

The relative share of machine building, which still remains the base sector of the Urals region (31.7 percent of the total

industrial production in 1990) has recently declined to an unprecedented low level (9.3 percent of the all-regional export). In 1991 alone, the sector lost one in five exporters and 20 percent of the volume cost of export.

One other item of Uralsk export is lumber materials (4.6 percent of the republic deliveries of lumber materials, 21.6 percent of plywood, and 24.9 percent of fiberboard). 1991 turned out to be the worst year in the history of Uralsk lumber export. The relative share of all these products in Uralsk export dropped to an unprecedented low level (3.3 percent instead of the traditional 8-10 percent). Export production of pulpwood declined by 21 percent, of plywood—by 27.4 percent, of lumber—by three times, while the export of wood particleboard ceased altogether.

The extremely insignificant physical volumes of export of consumer goods and food products (in 1990 the export capacity of the food industry equalled 0.55, and of light industry—0.86) also declined in 1991. Nevertheless, the region plays a notable role in the total Russian export of certain goods. Specifically, the Urals region exports 12.5 percent of the vacuum cleaners, 80.8 percent of the radio receivers, 94.1 percent of the motorcycles, 5.6 percent of edible animal fats, and 6.2 percent of the flour.

Export production is carried out by enterprises in 127 population centers in the Urals. The primary centers of location in 1991 were the Bereznikovsko-Solikamskiy industrial region (10.5 percent of the total volume), Ufa (9.9 percent), Magnitogorsk (9.1 percent), as well as Yekaterinburg (7.0 percent) and Perm (6.8 percent). The broadest geography of distribution of export production in the Urals belongs to Sverdlovsk Oblast with 43 points, Perm Oblast with 21, and Chelyabinsk Oblast with 20. In 1991, 395 enterprises sent their products to consumers abroad, as compared with 454 in 1990. In recent years this figure has been steadily declining.

In spite of all the complexity of the current stage of economic reforms, Uralsk export cannot be called unpromising. Its future is tied with the resolution of such acute problems of the region's economy as the preservation of viability of the civilian component of the VPK [military-industrial complex], the support of fundamental science, and the bringing up of the social sphere.

As strange as this may seem at first glance, in the situation which has arisen today in the Urals, export can and must become a sort of economic locomotive, pulling out more than just the load of the above-listed national-economic problems. But for this it is necessary to tie in export programs with the civilized conversion of the VPK, to include the science of the region in world economic relations, to increase the export of services, and specifically tourism, utilizing the unique natural capacities of the Urals, where with comparatively small investments it is possible to get a quick return. And, of course, it is necessary to perform a structural reorganization of the economy in combination with emphasized benefits for investments in production, including foreign investments.

## Export production at enterprises of the Uralsk Economic Rayon

Product	1989	1990	1991
Machine tools, units	1721	1664	598
Excavation loaders, units	29	5	2
Drilling rigs and assemblies, units	267	193	49
Trucks, units	4328	2929	1215
Oil, thousand tonnes	5082.1	8824	4632
Petroleum products, synthetic liquid fuel, thousand tonnes	669.9	991.9	3332.7
Asbestos, thousand tonnes	441.4	382.1	189.7
Cast iron, thousand tonnes	360.6	589.2	269.1
Ferrous alloys, thousand tonnes	92.4	77.8	62.8
Ferrous metal rolled stock, thousand tonnes	984	1370.9	1132.2
Steel pipes, thousand tonnes	226.4	106.7	82
Pulpwood, thousand cubic meters	907.1	723.7	572
Lumber materials, thousand cubic meters	611.1	461	150.1
Plywood, thousand cubic meters	78.9	76.4	55.5
Wheat, thousand tonnes	27.4	34.4	15.6
Canned meats, tubs	30453	27902	3922
Vacuum cleaners, thousand units	5	5	0.7
Radio receivers, thousand units	241.5	189.8	6.5

## Structure of export deliveries of Russian Federation and Uralsk Economic Rayon (%)

Commodity group	1989		1991	
	UER	RF	UER	RF**
Machines, equipment and transport means	15.6	16.8	9.3	17.5
Fuel and electrical power	14.6		15.3	
		52*		51.4*
Ores and concentrates, metals and products made from them	31.6		37.6	
Chemical products and building materials	18.5	3.4	24.6	3.9
Lumber and cellulose-paper products	10.2		3.3	
		4.9**		4.6**
Textile raw materials and semi-finished products	1.6		1.4	
Food flavoring goods and raw materials for their production	2.3	1.3	0.8	1.7
Industrial consumer goods	5.6	2.8	7.7	4.1

\*According to the consolidated group, "fuel, mineral raw materials, and metals."

\*\*According to the consolidated group, "non-agricultural raw materials and products of their processing."

\*\*\* 1990

## Joint Stock Venture Analyzing World Mineral Fertilizers Market

934E0071A Moscow KOMMERSANT-DAILY  
in Russian 2 Feb 93 p 5

[Article by I. Popov: "Specialized Exporters Charged With Dumping: 'Agrokhimeksport [Agrochemexport]' Calls for Tightening Control on Export"]

[Text] Yesterday the foreign economic joint stock company "Agrokhimeksport [Agrochemexport]" held an

internal meeting devoted to analyzing both the situation with mineral fertilizers on the world market, and the reasons complicating the export of Russian agro-chemical goods. As a result of the meeting, appeals were directed at the Ministry of Foreign Economic Relations and the Russian government requesting both that measures be adopted to tighten control over raw materials export, and the list of specialized exporters be reviewed. According to the opinion of experts, the West's general dissatisfaction with Russian foreign trade and the depressive results of foreign economic activity in 1992 will lead to a reduction in the number of specialized exporters.



According to information given at the meeting, as a result of the activity of Russian exporters, the alleged export volume of agro-chemical goods in 1992 (4.8 million t) increased by 62 percent, causing world prices to sharply decline by 20 to 40 percent. As a consequence of the latter, in particular, U.S. markets closed to deliveries of Russian carbamide, protectionist measures were introduced on Russian potassium chloride by "Common Market" countries, and a temporary antidumping tariff on ammophos was established by Brazil. Organizations that, in the opinion of experts, are influencing the destabilization of market prices were named at the meeting. Among them were the Kingisepp production association "Fosforit [Phosphorite]," the Belorechensk association "Minudobreniya [Minfertilizer]," and the Cherepovets association "Ammofos [Ammophos]." Having exported their goods through commercial firms, they knocked world prices from 135 to 99-100 dollars a tonne (FOB) for ammophos, and from 160 to 125-126.5 dollars a tonne (FOB) for diammonium phosphate. The Chita oblast administration, using their regional quotas, sold mineral fertilizers that had been designated for their own agricultural use through commercial structures to China. As a result, prices on carbamide in China fell from 125 to 100 dollars a tonne. To add to this, more than 40 organizations have received the right of agro-chemical export, a considerable number of which have profiles of an entirely different nature. Examples of the latter include the joint stock company "KAMAZ," the foreign trade association "Oboroneksport [Defenseexport]," "Eksportkhleb [Exportbread]," and "Spetsvneshtekhnika [Specfor eigntechnology]." As a result, in a year prices on ammonium nitrate dropped from 87 to 60 dollars a tonne, and on ammophos from 125 to 80 dollars a tonne.

"Agrokhimeksport [Agrochemexport]" made an appeal to the Ministry of Foreign Economic Relations and the Russian government requesting that the list of specialized exporters be examined, and the right of export be taken away from those structures that have not been working with the given goods on the world market. In the opinion of experts, the lists of specialized exporters will be reduced in the very near future, and the range of goods being exported by actual enterprises reexamined.

#### **Russia, South Korea to Strengthen Economic Ties**

934E0089A Moscow DELOVOY MIR in Russian  
6 Feb 93 p 3

[Report on Russian-South Korean seminar of entrepreneurs by Sergey Ababkov, correspondent of DELOVOY MIR: "Russia—South Korea: To Strengthen Partnership Ties"]

[Text] During the Russian-South Korean seminar of entrepreneurs, a correspondent of DELOVOY MIR met with its organizer, Nikolay Malyshev, adviser to the president of Russia for questions of science and the higher school. He, incidentally, is also the president of the recently created Association of Scientific, Business, and Cultural Cooperation With the Republic of Korea.

"Our association," he said, "was created half a year ago by a number of scientific, industrial and cultural organizations. Among them are the Russian Academy of Sciences, the Engineering Academy, the Moscow Bank of Builders, the "Dyagilev-Center", the Tretyakov Gallery, the Committee for the Higher School of the Russian Federation. . . .

In analyzing the development of business relations of Russia with the countries of the Asiatic-Pacific Ocean region, we came to the conclusion that the most favorable conditions for economic cooperation are taking shape at present precisely with South Korean firms. We are speaking of the companies who show practical interest in cooperation with Russian business.

After the creation of the association, we held the first seminar in South Korea, timed to coincide with the visit of president B. Yeltsin in Seoul. Approximately 80 of our and 200 Korean businessmen took part in it. The present seminar, like the preceding one, has activated our contacts. In future we are inclined to organize them several times a year. Both general problems and special ones devoted to concrete questions will be discussed at these meetings.

I can say that already today large contracts in the sphere of nonferrous metallurgy have been concluded, and there also exist understandings and agreements in regard to cooperation with the oil industry and chemical industry workers of both countries. At the present time, studies are being conducted for the construction of telephone stations and the production of television receivers in the country.

In its turn, our association has promoted the appearance of technologies in South Korea that have to do with nuclear power engineering. Thanks to our country, the South Korean partners have made significant headway on the road to the formation of an aerospace industry. There are understandings about the joint production of helicopters. Undoubtedly, projects of that sort, especially those connected with joint activity, will help Russia to become integrated in the international market. This is why in our work with South Korean entrepreneurs we are emphasizing the creation of joint enterprises and close partnership relations.

For Russia, South Korea is a window to the countries of the Southeast Region. Incidentally, it is a member of PEBEK [not further identified], the economic association uniting the states of the Pacific Ocean region. Russia, too, has quite good chances of entry into this organization. If we organize a national Russian committee for Pacific Ocean cooperation, then in May, at the next session of PEBEK, we will have a real possibility of becoming a member of this organization. You see, PEBEK to a certain extent controls the price formation in this extensive market.

With the help of the PEBEK structures, we will be able to develop more actively our Far East and Siberia, and to compete more successfully with the same Japanese and South Korean firms."

**Cyprus To Cooperate in Developing Krasnodar Kray***934E0099A Moscow KOMMERSANT-DAILY  
in Russian 4 Feb 93 p 10*

[Article by Sergey Tsekhmistrenko, Andrey Yedemskiy:  
"Cyprus Will Invest Capital in Krasnodar Kray"]

[Text] Yesterday Vitaliy Churkin, Russia's deputy minister of foreign affairs, concluded his visit to Cyprus (see KOMMERSANT-DAILY, February 3), during which certificates of ratification for an intergovernmental agreement on cooperation between the two countries in developing Russia's Black Sea region (Krasnodar Kray) were exchanged—a unique project that has, according to the experts, no equivalents in Russia's experience of economic relations with other states.

The agreement on cooperation in developing Krasnodar Kray was signed over the course of a visit to Moscow by Cyprus' president, Georgios Vassiliou, in October of last year. In compliance with the agreement, Cyprus would grant the kray 25 million Cyprian pounds (55 million dollars) of credit. In order to implement those programs, the intergovernmental "Russian-Cyprian Organization for Developing Krasnodar Kray" is being created, with its center in Krasnodar and an affiliate in Nicosia. It will include experts from both sides, among whom will be representatives of governmental organizations. However, this organization will operate outside of the framework of existing administrative structures.

The main purpose of the agreement is to create conditions in Krasnodar Kray that would make it possible to attract foreign investment and would improve the utilization of its natural resources and economic potential. In doing so, direct ties between all organizations, firms and individual citizens in Cyprus and the Russian Black Sea region would be encouraged. One of the articles of the agreement provides for "unobstructed entrance, residence and free movement" in the territory of the kray and on Cyprus for persons acting in the interests of the agreement's realization.

The Cyprian government has been expressing its readiness to participate in the development of a specific program of economic cooperation with a single chosen Russian region for some time. The Cypriots' idea won the support of Russian President Boris Yeltsin, who saw in the project a new model of economic relations between Russian regions and foreign countries, with the center playing a coordinating role. This type of model satisfies the Krasnodar authorities, headed by Aleksandr Zhdanovskiy, kraysovet chairman, as well: they see in it not a dictatorship of the center, but actual help and guarantees that the project will be carried out.

Experts note that at this time, the main obstacle to the project's realization, a subject discussed during Vitaliy Churkin's meeting with Georgios Vassiliou, is the existence of a mutual policy of double taxation, and the absence of mutual guarantees of investment protection. The situation should change in the first half of 1993, when the appropriate agreements will be signed.

[Boxed material]

*In accordance With the Program of Cooperation  
Between the Governments of the Two Countries the  
Cyprian Government Takes Upon Itself the Following  
Obligations:*

1. To assure participation in the realization of the agreement by highly qualified specialists (from governmental and nongovernmental organizations on Cyprus, including experts from the Cyprus Tourism Organization, the Cyprus Electrical Supply Service, the Port Authorities' Telecommunications Service), and to provide 55 million dollars of credit. In doing so, the government of Cyprus is obligated to attract firms and organizations from "third countries" to participate in fulfilling the program.

2. To create a favorable procedure for the participation of Cyprian firms and organizations prepared to invest in those areas of the economy (including the creation of joint enterprises), where the given firms and organizations have the appropriate experience. In financing, priority will be given to those partners (both legal and physical persons) whose projects (independent of the form of property of the firm or enterprise) most promote the kray's transition to an effective market economy.

3. The Cyprian experts will provide aid in searching for optimum resolutions to a series of problems, among which are:—the development of recommendations for the organization of an effective market economy in the kray and promotion of the privatization process—the development of economic projects with consideration of the kray's specific qualities—the provision of consulting services in the search for possible sources of financing for investment in the kray's economy—the creation of educational centers for the training of managers and businessmen

[end box]

**Germans To Drill for Oil South of Volgograd***934E0094B Moscow MOSCOW NEWS in English  
No 5, 28 Jan 93 p 7*

[Article by Sergei Martynov: "Germans on the Volga"]

[Text] Chancellor Kohl's recent visit to Russia helped "revive" the frozen project.

The prospecting for and operation of oilfields in Russia, effected until recently by state mines, is being steadily curtailed. The old pools are almost depleted, and there are no funds for the development of new ones. But one can try to find them in the West.

Deminex GmbH (a major German oil company affiliated with the Veba concern) is one of the few Western companies which, despite legislative instability, did not give up its intention to help our country prospect for and exploit hydrocarbon deposits. From the middle of 1990 Deminex had made futile efforts to revive a protocol of intent, signed at that time, to prospect for light, sulphur-free oil.

It is estimated that 130 million tonnes are deposited in four oilfields, south of Volgograd, and Deminex will get 50 percent of them. Investments in the project will total about 3 billion dollars. The German-Russian joint venture Volgodeminoil, formed by Deminex and the Nizhnevolzhskneft association, was registered a few days before Helmut Kohl's visit.

Before the spring of 1993, Deminex is going to coordinate with Russian ministries. The terms will include, if needed, the granting of special powers to the company.

Guarantees of investment safety and profitability come first. Deminex is trying to make Moscow sign an agreement for a term of 25 years but the Russian side so far has agreed only to a term of 10 years.

The first problem for the Germans is the Russian taxation department, which wishes to levy taxes from the very start. But Deminex insists on paying taxes only after the first gusher starts functioning and yields steady income. Partners from Nizhnevolzhskneft agree with the German side on this point. The Russian company is going to get privatized and, therefore, is concerned about the stable operation and profitability of its joint venture.

#### U.S. Realtors on St Petersburg Reconstruction

934E0069A Moscow KOMMERSANT-DAILY  
in Russian 2 Feb 93 p 5

[Article by V. Tveritina: "Americans Advise Investing Money in the Center of Petersburg"]

[Text] Yesterday representatives of large American companies specializing in real estate operations concluded their visit to St. Petersburg (see KOMMERSANT-DAILY of January 25th). During the course of the week they did an analysis of a number of large-scale investment projects in the field of real estate, and determined investment priorities for potential investors. Around mid-February experts are to present the Petersburg mayor with a detailed report, which will outline a plan for attracting investment. The company "First Tuesday International" will represent the interests of the Americans.

According to the head of the delegation, Christopher Leinberger, preliminary calculations made by American experts show that in comparison with other projects proposed for expert review, the renovation of buildings in the old part of the city and their subsequent use as offices, hotels and business centers will be the most efficient form of investment with the most rapid cost recovery. Mister Leinberger also reported that during the course of the following month American specialists will design a business plan in accordance with Western standards for each of the sites they have selected. The experts are recommending that a special fund be organized, in which means from the sale and lease of buildings in the historical section of the city can accumulate. These means are to be directed at renovation and new construction.

In the opinion of those following the situation, in order for the plan proposed by the Americans to be realized,

the issue of exclusive management rights for the Americans over the selected sites will have to be included as a separate point in the agreement with the mayor. The problem is that within Petersburg territory there is an acting statute on investment-tender public sales, in accordance with which all real estate sites located in the center of the city are to be opened up for competition. The organizational aspect of the project has also not yet been worked out. According to the opinion of the Americans, a special organization will need to be created that will involve itself in finding investors for the renovation of individual real estate sites. This organization will use means drawn for this purpose from the mayor, the U.S. government, and entrepreneurial circles. According to the calculations of specialists, to realize the project start-up investments totaling five to seven million dollars will be necessary for putting together an information base, and preparing the necessary documentation for each of the sites. In order to find these means, the members of the group of experts intend to turn to the U.S. government, the Hammer Foundation, and the Rockefeller Foundation.

#### Heritage Foundation Opens Branch in Moscow

934E0117A Moscow DELOVOY MIR in Russian  
10 Feb 93 p 4

[Article by Yuriy Glushchenko, candidate of economic sciences: "American Conservatives in Moscow"]

[Text] A few days ago an extraordinary event occurred in Moscow—an event which, to my way of thinking, attests once again to the end of the "cold war." It was the opening of a branch office of the Heritage Foundation, which is well known in the United States and abroad as a conservative "think tank."

Let me remind DELOVOY MIR's readers about certain facts. The Heritage Foundation was founded in 1973 as a nonparty, noncommercial research organization. One of its basic goals is to defend the principles of a free market economy, to restrict or limit state interference in business matters, to expand the personal liberties of citizens, as well as to support a strong and effective national defense.

A notable step in the policy of the Heritage Foundation was the voluminous report entitled: "Mandate for Leadership-I: Governing Policy Under a Conservative Administration." It was the de facto program of actions for former U.S. President R. Reagan during the period from 1981 through 1984. According to certain estimates, the Heritage Foundation's recommendations—including those with regard to the USSR—were implemented by 75-80 percent.

When the administration of G. Bush came to power, the Foundation's political influence declined somewhat. Let me note in passing that the leading officials of this research center never concealed their anticommunist views or their hostile attitude toward the Soviet Union.



In order not to be too verbose, let me merely cite the following fact. Among the Foundation's recommendations pertaining to relations with the USSR, it was persistently recommended that Bush emphasize the so-called "doctrine of liberation," aimed at "disintegrating the Soviet empire." During the heated discussions which took place in U.S. state-political and public circles with regard to the problems of rendering aid to the reforms in the USSR the Heritage Foundation prepared its own report in September 1991. Its authors emphasized therein that it was in the interests of the United States—just as before—to "decentralize the USSR and to form free, independent states from its shattered fragments."

During the last two years several conferences have been conducted under the aegis of the Heritage Foundation in Moscow and Washington for leaders of various CIS republics on the problems involved in political and economic reforms.

During the above-mentioned period the Foundation established a program of stipends named for E. Wiegand. This program enables prospective Russian scholars and politicians to study the United States economic and political system within the framework of a six-week training period in Washington. Following this line, in October 1992 the Heritage Foundation conducted a conference in Washington on the issue of military-civilian relations in democratic Russia; it was participated in by members of the Russian Supreme Soviet, Russian military experts, and U.S. officials.

At the present time the Foundation remains—just as before—a leading intellectual center for conservatism and one of Washington's largest "think tanks." It has at its disposal an annual budget of about 20 million dollars and a staff numbering approximately 140 persons.

It would seem that when the administration of the Democrat B. Clinton came to the White House the Foundation should be in opposition to the new president. Nevertheless, while reserving its right to be critical, with regard to many matters of domestic policy and—in particular—in the field of reforming the system of education and health care, the Foundation's leading officials share the views of the new administration and are prepared to cooperate with it.

As its president, Edwin J. Falner, has emphasized, "one of the main tasks of the Moscow Branch will be to provide Russia's leaders with access to the knowledge and skills which have been accumulated by our Foundation." Furthermore, the members of The Heritage Foundation propose to conduct—in conjunction with Russian political and public figures, as well as research organizations—seminars and conferences, along with "round tables" on the problems of developing democracy and a free market.

It is anticipated that in the very near future the Heritage Foundation will publish a series of materials and recommendations regarding the privatization of municipal property. A new and major work by the Heritage Foundation was presented at the press conference on the occasion of the opening of the Moscow branch. It is in Russian, and it provides an analysis of the reforms in Russia.

Jeffrey Gayner, one of this organization's senior staffers and an adviser on international affairs, has been appointed to head up the Moscow office.

**To contact the Heritage Foundation, the following address and numbers are presented: 103025 Moscow, Novyy Arbat, 19, Room 820; Telephone (095) 203-10-75, FAX (095) 203-18-56.**

## POLITICAL AFFAIRS

### Durdynets on Coming Parliamentary Session

934K0220A Kiev GOLOS UKRAINY in Russian  
2 Feb 93 p 3

[Interview with V.V. Durdynets, first deputy chairman of the Supreme Soviet of Ukraine, by unidentified GOLOS UKRAINY correspondent; place and date not given: "At the Interface of Sessions and Problems"]

[Text] The Supreme Soviet of Ukraine Sixth Session, which had lasted more than four months, came to a close on 28 January. Were the hopes and intentions of the members of parliament and the people realized? What is the view of the seventh session beginning on 2 February?

These and other topical questions are answered by V.V. Durdynets, first deputy chairman of the Supreme Soviet of Ukraine.

[Durdynets] There is no hope of the session being held decorously, without emotional outbursts and political intensity in today's socioeconomic situation. Especially under conditions where political opposition is being fed ambivalent phenomena and processes in all spheres of social life, not only the economy. In Ukraine today their consequences are actually being felt by practically every family, needy veterans particularly. And no longer just they. And for this reason the discussion of individual urgent matters at the session was stormy inasmuch as the people's deputies, sensing their responsibility to the electorate for the state of affairs in the state, endeavored to voice their opinions and made specific cogent suggestions.

Nonetheless, the Supreme Soviet worked intensively enough under such conditions, on the whole. In order to prove this I will permit myself to use merely a few figures. There were at the sixth session 57 plenary meetings, which examined 178 questions and adopted 56 laws and 88 decrees. At no previous session had we had indicators showing that in the course of a single plenary meeting one law and two decrees were adopted on average. This is the result of a certain restructuring. Following the self-critical and thorough discussion in closed session last October of the question of a further improvement in the work of the Supreme Soviet of Ukraine and the implementation of specific measures in this area, the deputies came to evaluate their work as a whole more exactly and, specifically, work more actively in the commissions and to prepare draft documents more carefully and thoroughly. So that aside from the superficial result, which frequently stands out (emotions, exacerbation of the confrontation in individual periods), there is another result also—the ultimate practical work result. I say this so that it be clear: If something is to be evaluated, it is necessary to see everything in a complex, not extract individual elements. There is another aspect here also. Aside from participation in the plenary meetings and work in the standing commissions, the deputies work for two weeks in the month in their own constituencies. And, returning from

them enriched by the thoughts, observations, and proposals of the electorate, they endeavor to convey them and to respond in deeds. We need to treat all this with understanding.

[GOLOS UKRAINY] Which of the adopted legislative instruments are, in your view, working actively for the reforms and the social protection of society?

[Durdynets] I would put among these the laws on the mortgage, the creation and functioning of free economic zones, occupational safety, state assistance to families with children, promotion of the social formation and development of the youth, an increase in the minimum pension and wage, the draft law on the status of and social safeguards for veterans of war and labor considered in its first reading, and a number of others.

[GOLOS UKRAINY] But reality has made its adjustments quite rapidly here also?

[Durdynets] Unfortunately, yes. But for fairness' sake I am not afraid to observe that had we not done this, the consequences could have been more dramatic. Now we only have to adjust some things on matters of principle in order to guarantee a certain real subsistence minimum for each family, each individual. What, precisely, is dealt with in the decree of the Supreme Soviet of Ukraine on the socioeconomic situation in Ukraine and measures pertaining to its stabilization and the social protection of society which has been published in the press. The Supreme Soviet responded to the situation which had taken shape in the state and called the government's attention to the most acute problems. It was a question at the session of a joint search for a way out of the crisis situation, a comprehensive approach to a solution of questions, and a self-critical analysis of the actions of parliament, its presidium and standing commissions, and the government.

[GOLOS UKRAINY] Should we not return here, Vasiliy Vasilevich, to the final chords of the sixth session, when the hall of sessions literally seethed with passions. Their first cause, obviously, was the quite abrupt actions of the new government, for which society was not prepared either economically or psychologically?

[Durdynets] I would like to caution against illusions concerning the possibility of some rapid changes for the better: It is sufficient to pass this law or decree or the other, it is said, and all will change abruptly. After all, it is important for all of us today—the Supreme Soviet and the government and the presidential structures—to prevent a further wholesale decline in production, an intensification of inflation processes on account of an uncontrolled growth of prices, and an exacerbation of social tension in society and to prepare the foundation meanwhile for stabilization and the gradual shift of movement in line of ascent. And for this it is necessary for all who are able-bodied, all who are not retired, to work, work well and in skilled fashion, what is more, and to strengthen everywhere discipline and responsibility for one's entrusted area of work. Only organization and order, strict compliance with the law, and concern for

the state and one's people are a guarantee of a gradual surmounting of the crisis and the stabilization of the situation.

The new government headed by Leonid Danilovich Kuchma is today in fact operating in emergency mode and has been forced, by virtue of current circumstances, to adopt unpopular decisions. The main thing is that the decrees and ordinances which it adopts (as of today the government has already adopted 40 decrees, incidentally) correspond to the Constitution and the people's vital interests and contain a productive charge and be comprehensible to people. That is, we need not only to demolish some things today but to build also, and such that that which is new instill real hope for the future, what is more.

Certain malfunctions have been revealed in the mechanism of the adoption of the government's decrees. And a number of them perfectly reasonably evoked concern in certain standing commissions and among the deputies and the public. Reacting promptly to this, the procedure of their consideration was clarified at the session. The timetable of business of the Supreme Soviet of Ukraine was changed also. Plenary meetings will now be held for two weeks, not one, as was the case before, which will permit timely adjustments, if need be.

Government days were held for the first time at the sixth session. I believe that this new form of business for the Supreme Soviet will prove promising. But I would not want everyone to get the impression that it is the new government which is to blame for the new difficulties of our life. The people must sense that there is in the state an executive acting in their interests.

[GOLOS UKRAINY] You obviously refer to the government's plan of action pertaining to realization and development of the "Fundamentals of National Economic Policy for 1993," which has already been distributed among the deputies?

[Durdynets] To this plan of action also. It could be defined as a program of the government's activity in respect to the state's socioeconomic development and escape from the crisis situation. And to the fact that as a result of the final plenary meetings all the decrees were, following stormy debate, supported, in the main.

I would like to say that this is not the sole plan, incidentally.

There is a program of the surmounting of the crisis and a reforming of the economy of Ukraine prepared under the leadership of V.T. Lanovyy in the Economic Development Institute of the Center for Market Reforms. There is the draft program of urgent crisis measures and market transactions of Ukraine's economy in 1993-1995 drawn up with the support of the Commission for Youth Affairs of the Supreme Soviet of Ukraine and, specifically, its chairman, Anatoliy Sergeyevich Matviyenko. That is, search is under way. And the best of what has been produced should be taken into consideration.

The Supreme Soviet of Ukraine and its standing commissions advocate close cooperation with the government. But, while supporting it in all its undertakings, parliament has the right and should opportunely see oversights and suggest and submit practical proposals, that is, cooperate constructively. This is the essence of our position.

[GOLOS UKRAINY] Aside from consideration of the government's plan of action, what further matters is it contemplated putting to the plenary meetings in the first days of business of the seventh session?

[Durdynets] We have already formulated approximately 20 priority issues, which it is planned proposing that the seventh session include on the agenda, and 15 which could be included as they become ready. And, as a whole, it is anticipated even now that over 130 issues will be discussed at the seventh session.

I believe that reality itself requires us to examine the draft new Constitution of Ukraine and the draft laws on the Cabinet of Ministers of Ukraine, the civil service, state social insurance, the state budget and indicative plan for 1993, the foreign policy of Ukraine at the current stage, the composition of the Constitutional Court of Ukraine and the Antimonopoly Committee and others, modified after general discussion.

I believe that the time has come also for the adoption of a law on citizens of Ukraine's travel overseas and their entry into Ukraine. We are planning to continue the work on refining legislation on questions of legality and law and order which was performed at the sixth session.

I would briefly recall: A draft law and an official program for combating organized crime are being completed. A whole number of laws were revised appreciably, on the basis of present-day realities. Addenda were made to the Criminal Code and Code of Criminal Procedure of Ukraine on questions of liability for the concealment of currency earnings and tax evasion, in particular, the necessary defenses and so forth. The decision to enlist the National Guard in the safeguarding of public order is important. The government has earmarked additional numbers for the interior authorities.

In my view, it is necessary first and foremost to make revisions and addenda to the laws on pensions and the privatization of state housing.

Draft legislative instruments on ratification of the START Treaty, affiliation to the Nuclear Nonproliferation Treaty, and support for the activity of the Constitutional Court are pending.

We will continue discussion of the decrees of the cabinet on many issues which has already commenced.

To sum up, the consideration of a broad range of questions in a package also is anticipated at the Supreme Soviet of Ukraine seventh session. Of course, pride of place will be given to economic problems, social protection of the populace, legal protection of the individual,



and constitutional development, culture, research, and health care, and to questions of defense and national security.

Having approved the list of questions for consideration at the session, the Supreme Soviet will, as before, proceeding from the actual situation, make adjustments to its actions. The Supreme Soviet, like the executive authorities also, is called on to respond to them flexibly, promptly, and opportunely in the language of the law and with specific practical deeds. And we should not fear clashes of opposite opinions or dramatize the situation if something goes beyond the bounds of clichéd ideas. This is the normal path of the quest for the truth. It is characteristic, on the whole, of parliamentary activity worldwide.

### Chief Outlines Leadership Protection Work

934K0296A Moscow ARGUMENTY I FAKTY  
in Russian No 7, Feb 93 p 7

[Interview with Major General Mykhaylo Hayduk, chief of the State Guard Administration, by P. Vinnitskiy and D. Tabachnik; place and date not given: "The Ukrainian 'Nine'"]

[Text] *The case of Major Kislov who, according to certain information, intended to make an attempt on the life of Russian President B. Yeltsin, sparked interest in the service for guarding high officials in the republics of the former USSR.*

*The way Ukrainian leaders are protected is discussed by the chief of the State Guard Administration, Major General Mykhaylo Hayduk.*

[Hayduk] General Secretary of the CPSU Central Committee Mikhail Gorbachev was in Kiev in 1989. As ceremony required, flowers were placed at the Lenin monument. After this, true to his custom, the general secretary addressed "the people." Suddenly an "attache case" thrown by someone in the crowd landed not far from him. The people did not even understand what happened when a sporty looking young man grabbed the briefcase and in a couple of seconds did a "100-meter dash" to the nearest car and placed the briefcase under it. This chap was a worker of the guard. He did not know what was in the briefcase but, of course, he anticipated the worst—an explosive device.

Later it was explained that it was only an innocent complaint which its author decided to convey to the general secretary in this way.

[ARGUMENTY I FAKTY] But in Ukraine there have also been real cases of attacks on high officials. Such as, for example, in Kharkov in November 1991 when an attempt was made on the life of Leonid Kravchuk, chairman of the Supreme Soviet of Ukraine and candidate for president of Ukraine. At that time a member of his personal guard was injured.

[Hayduk] Indeed, a member of L. Kravchuk's personal guard sustained a knife wound. But I would not call what happened an attempt on Kravchuk's life because there

are no facts corroborating that. In this case there was an attempt on the life of a guard worker and he worthily repulsed it.

[ARGUMENTY I FAKTY] Are there special schools in which your workers are trained?

[Hayduk] There were such schools in the former USSR, but after the disintegration of the Union they were left in Russia. We have to begin practically all our work, as the builders say, from "the ground up" and create a structure which never existed before in Ukraine.

[ARGUMENTY I FAKTY] We are always talking a personal guard. What is this, the administration's only task?

[Hayduk] Our administration has been assigned the duties of protecting the president of Ukraine, the prime minister, and the chairman of the Supreme Soviet, and also providing immediate protection of the heads of state who make official visits here and guarding government institutions, residences, and other facilities.

[ARGUMENTY I FAKTY] That is, you are actually guarding all three people. Is there any need to expand the list?

[Hayduk] Having a personal guard is a very costly measure, but nonetheless the list of people who are guarded is longer in all civilized countries. As a rule it includes the minister of defense, the minister of foreign affairs, the vice president, and the deputy prime minister.

So I think the range of those who are guarded could be expanded. Incidentally, in the Russian Federation all the aforementioned officials are guarded constantly.

[ARGUMENTY I FAKTY] Since you have touched on the corresponding service in Russia, what do you have to say about the "Kislov case"?

[Hayduk] I am familiar with this case only from articles in the press, and therefore I can judge only on the basis of known facts. Possibly this is why I am not inclined to call him a terrorist. Ten days after his arrest they will either let him go or press charges. But the very fact that he was arrested shows the professionalism of the Russian "Nine."

[ARGUMENTY I FAKTY] From your answer one might assume that you have no contact with your colleagues in Russia.

[Hayduk] Of course, we are in contact. Even during the period of the Cold War when the intelligence agencies of the United States and USSR were constantly waging a stiff battle among themselves, the guard structure would exchange information, including of an intelligence nature. It can be no other way; the prestige of the host state depends on the safety of visiting state figures.

**Kievans Polled on Politics, Economy**

934K0209A Kiev VECHIRNIY KYIV in Ukrainian  
26 Jan 93 p 2

[Unattributed article: "In the Mirror of Sociology. Hard Times, Sad Thoughts...."]

[Text] Recently, journalists were familiarized with the operation of a subdivision of the Scientific Research Institute for the Socioeconomic Problems of Kiev, namely the department of sociological research, which monitored the public opinion of Kievans last year. We offer our readers the most interesting points of its research.

**....About Life**

The results of a sociological survey indicate that unceasing price increases are among factors which determine the status of the public opinion of the residents of the capital city. Almost two-thirds of the participants in the survey are dissatisfied with their financial standing; in January 1992, more than 70 percent believed that the current monthly income of their families does not meet their minimal living needs. Naturally, this could not but affect the sociopolitical climate in the capital city.

The last survey of public opinion indicated that the number of pessimistic predictions concerning the sociopolitical situation in Ukraine has increased considerably since September. An overwhelming majority of Kievans (more than 80 percent) expressed dissatisfaction with the development of political processes.

It is also obvious that the greatest degree of tension in Kiev occurred in the first months of the so-called "liberalization" in January 1992. At the same time, certain surges in social tension occur which, as a rule, are associated with yet another price increase. However, the resourceless and essentially passive position of the Fokin government was not the least important factor in increasing the degree of irritation of Kievans in September 1992.

**....About the New Government**

At the same time, the attitude of Kievans toward the supreme legislative power changed once Leonid Kuchma was appointed to the post of prime minister and a new Cabinet of Ministers was formed. In December, the rating of L. Kuchma, on a scale of five, turned out to be greater than the rating of the president, and came to 3.49. In addition, 42 percent of respondents in the survey believe that the new government of L. Kuchma may be called the government of national trust, and more than one-third have not yet made a determination concerning this question.

Therefore, it is obvious that in early December, the new government enjoyed a credit of confidence. This is why the time for unpopular measures, which the government took toward the end of December, was chosen correctly from the tactical point of view.

**....About the Supreme Soviet**

The policy of the supreme legislative power of Ukraine with regard to the government was quite a strong influence on the attitude of Kievans toward this power. Thus, dissatisfaction with the Fokin government affected the Supreme Soviet, too.

Toward the end of September, one in two respondents to the survey supported the concept of holding a referendum on suspending the powers of the Supreme Soviet. The number of supporters of the referendum fell to 37 percent when the old government was replaced and the new Cabinet of Ministers was formed (toward the end of October); however, the number went up again to 47 percent in December. However, in the latter instance factors were at work which are associated with the general unpopularity of the Supreme Soviet among the Kievans. This has to do with the fact that over the last two years, close to 42 percent of Kievans have been ready to give supreme legislative power a vote of no confidence.

**....About the Kiev Soviet**

The attitude of Kievans toward the Kiev Soviet is not much different from their attitude toward the Supreme Soviet. One in 10 expressed confidence in it; one in three believes that it should be dissolved; one in five would not turn out for a referendum, and 34 percent could not come up with an answer.

**....About the President**

So far, the president of Ukraine has enjoyed favor with Kievans. However, the slowdown in economic reforms has already unfavorably affected his prestige, which dropped from 3.86 to 3.12, on a scale of five, in one year.

**....About Ivan Saliy and His Conflict With the City Soviet**

The decline in the rating of the president has also been accompanied by a decline in the rating of power structures which personify the presidential form of government. Thus, the rating of I. Saliy fell from 2.89 to 2.73 between September and December. At the same time, the conflict between the Kiev Soviet and the local state administration unfavorably influenced the evaluation of the operations of both the local representative and executive power. To be sure, two-thirds of the participants in the survey stated that they were not aware of what the conflict between the local representative and executive authorities was about, whereas 30 percent were familiar with the general outline of it. Seven percent voiced support for one or the other of the parties, six percent support both parties; 29 percent of those polled do not support either party.

**....About Personal Problems**

For one Kievan in four, the housing problem turned out to be the most pressing among personal problems. The problem of high prices and low incomes ranked second. It was termed Problem No. 1 by one Kievan in five.

#### ....About Being Ready to Act Resolutely

The survey made it possible to determine the social strata of the population which are prepared to support mass disturbances. These are, first of all, people who take an unequivocally pessimistic view of prospects for the stabilization of the socioeconomic situation in Ukraine and are prepared actively to express their dissatisfaction. Fourteen percent of those were found. Men prevail among the latter, though women are more dissatisfied with difficulties in supporting their families given current incomes, and are considerably less certain about the prospects for their employment. These are mainly people under 30 years of age, of which young people between 18 and 20 years account for one-third. The readiness to support protest actions falls abruptly with age.

In terms of educational level, people with a secondary, vocational secondary, or incomplete college education are more inclined to actively express their dissatisfaction.

Workers prevail among those who stated that they would take part in protest actions; they account for approximately one-third.

Therefore, the most vulnerable strata of the population—retirees, handicapped—do not constitute the social base of potential participants in mass disturbances for now.

### ECONOMIC AFFAIRS

#### New Head of Ukrainian Greens Party Interviewed 934K0275A Kiev ZELENYY SVIT in Ukrainian No 1, Jan 93 p 3

[Interview with new Greens Party head Vitaliy Mykolayovych Koponov by Volodymyr Olefirenko: "Tomorrow Will Be Too Late"]

[Text] *Since the former leader of the Greens Party, Yu.M. Shcherbak, has been named to a new post (he is now working as the ambassador of Ukraine to Israel), V.M. Koponov was elected head of the Greens Party of Ukraine [PZU] at its 3rd Congress. We thus give the floor to him.*

[V. Olefirenko] Vitaliy Mykolayovych, what did you think after you were elected head of the Greens Party of Ukraine?

[V.M. Koponov] A difficult question, for it cannot be answered unequivocally. Although the election did not prove unexpected for me. I will in fact be doing the same work, after all, only with much greater burdens. I and my comrades founded the PZU, and developed its Charter and directions of activity. We have in fact been leading it. I would like to say that a lack of coordination in the work of some sections of the party has made itself felt. And I am glad that its structure was replaced at the 3rd PZU Congress. I hope that this re-organization will have positive results.

[V. Olefirenko] The Greens Party of Ukraine was the third officially registered party, and although the

"rebels" at the time were in no hurry to legalize, the PZU is quite prestigious today. In my opinion, however, it has not been as politically active of late as it was at the beginning of its activity. How can that be explained?

[V.M. Koponov] First of all, a decline in political activeness is being observed in all of society. Second, some of what we were striving for has been achieved. One of our most important tasks, for example, was to conduct agitation and explanatory work oriented toward having people vote for the independence of Ukraine. We were not the only ones fighting for that, of course. But the ecological theme itself was a leading one in the pre-election programs of people's deputies at all levels. The threat of ecological danger itself also roused the people to a large extent.

[V. Olefirenko] Some feel that the ecological theme, without politics, should predominate in the fight to protect the natural environment. How do you view that?

[V.M. Koponov] I do not share that opinion. Now is not the time to protect nature barehanded. Some want to limit our activity within a purely ecological framework. They say, "protect the frogs in the ponds. Otherwise keep your nose clean." No, dear yesterdays and today's, it will not work. We are concerned about everything. We are not fighting for power. But we want to influence the government.

[V. Olefirenko] By the way, how optimistic are you toward the new government of L. Kuchma?

[V.M. Koponov] When the question of ecology is lacking altogether in the program speech of the prime minister, optimism drops sharply.

[V. Olefirenko] A little more than three years passed not long ago from the time when the first agreement was concluded between Ukraine and Russia (at the level of sovereign states) in which a clause on ecological collaboration was included among other most important mutual obligations. What can you say on that score?

[V.M. Koponov] There was unfortunately not much confidence in that collaboration, as in the other official obligations of Russia. Despite the "collaboration," they are still sending us some not very pleasant effluent down the Dnieper that has already "collaborated" its way down to the Desna. And as for the humanitarian aid that came to us from the whole world to clean up the consequences of the Chernobyl catastrophe, the "collaboration" was felt there. Not much got past Moscow and Saint Petersburg. Even the money that we were issued from the Chernobyl Fund was not utilized for its purpose.

[V. Olefirenko] So we have to rely on ourselves.

[V.M. Koponov] I would clarify slightly—and on our government. It should adopt an effective program that would protect the people against ecological catastrophe, the poisonous breathing of which is far worse. We are now living at the expense of our children, since what belongs to them we are ruining today. And something



else is particular surprising. While five percent of the national budget is allocated for ecological expenditures in civilized countries, it is only 0.2 here. We have to start with something. We must be cured today. Tomorrow will be too late.

### **Commentary on Cabinet's Edict 'On Payment of Labor'**

934K0278B Kiev URYADOVYY KURYER  
in Ukrainian 30 Jan 93 p 3

[Article by Viktor Ivankevych, deputy head of the Department for Issues of Social-Labor Relations and Ties With Trade Unions of the Cabinet of Ministers of Ukraine, under the rubric "Commentary on Government Decrees": "Payments for Labor—A State Category"]

[Text] *The "Labor Payments" Decree of the Cabinet of Ministers of Ukraine went into effect at the beginning of 1993. The document combines the basic legislative norms that pertain to a pivotal issue in any economy—wages. It reveals the fundamentals and clearly delimits the spheres of state and contract regulation of labor payments, defined with a regard for international legal norms on the right of workers to payments for labor regardless of its results along with protections for them.*

What does this document define that is new? What aim do the authors seek to attain?

First of all, it should be defined that every owner has the sacred right to manage and dispose of his own property. The state has almost lost that opportunity today. The new thinking, along with ideas on a happy tomorrow, have carried the old political-economic blinders of collective ownership over to the new economic relations. So we have what we have. The owner is the state, but the full-fledged master of the property is the labor collective headed by the director.

The state is you and I, that is, the people, while our property works for the interests of particular labor collectives, such as those that produce, exchange through barter for goods for their own use and receive wages for their activity as well.

So then, this document, as other decisions by the government that have been made lately, at the same time makes an attempt to give the state an opportunity to manage its own property under its own rules, to achieve its own interests, that is, the interests of every citizen. And one of the most important levers in managing property are those very wages for the workers. The decree stipulates that the Cabinet of Ministers of Ukraine regulates through its decisions the size of the minimum wage, intersector correlations in the size of labor payments for workers at state enterprises, the terms for determining the portion of the income for a state enterprise that is directed toward labor payments, and the sizes of salaries for supervisors at state enterprises.

This document can in no way be considered one limiting the opportunity for workers at state enterprises to obtain a high level of wages for their labor. Article 2 of the decree reveals the concept of the basic wage, that is, that portion—in accordance with another decree of the Cabinet of Ministers of Ukraine, "Taxes on the Profits of Enterprises and Organizations" (which is effective starting with the results of enterprise activity in 1993), as well as Paragraph 3 of Article 4—may be included in the cost of the product, operation or service. According to Paragraph 1 of that same article, the Cabinet of Ministers of Ukraine should approve as soon as possible the Basic Provisions of the Composition of Enterprise Expenditures (Turnover) and the Formulation of the Financial Results at Enterprises of Ukraine. Paragraph 3 of Article 48 of the "Labor Payments" Decree of the Cabinet of Ministers of Ukraine envisages no reduction in the overall level of labor payments, as it could seem to the uninitiated at first glance, but only establishes at what point the mechanism of contract regulation begins to take effect at the level of general and sector rate agreements, the maximum sizes of rate scales and scheme for salaries, that is, that portion of wages that pertains to product (operation, service) cost and, as a result, can be applied to the price. And that means that when an enterprise has a profit from its activity, then after the payment of the appropriate taxes on it the enterprise has the right to direct those funds to additional labor payments for its workers under the stipulated procedure.

The decree, as opposed to legislation that was in force before, envisages a whole list of additional guarantees in payments for labor. Article 4, for example, establishes that labor payments for a full monthly (daily or yearly) work norm (working hour) actually performed by a hired worker cannot be lower than the amount of the minimum wage established by the state. That is, if the minimum wage as of 1 Jan 93 is 4,600 Ukrainian rubles, then the hourly rate scale for a worker in a 41-hour work week cannot be lower than 26 rubles 41 kopecks per hour, in a 36-hour work week 29 rubles 97 kopecks (hour), and in a 24-hour work week 44 rubles 95 kopecks (hour) by the calculation, (4,600 rubles x 12 months)/(norm for duration of work time for 1993).

In a case where a sector rate agreement or collective contract envisages some other duration for the work week, the appropriate computations should be performed for the purpose of establishing the specific minimum hourly rate for a specific type of production that will be made inherent in the setting of rate scales for the work depending on its difficulty. That norm of the decree will have an effect on correcting labor payments under conditions of the spread of such a negative phenomenon as the less-than-full employment of workers, and will foster a reduction in labor-intensiveness in production and, as a result, the formation of a highly productive labor market where supply will outstrip demand, but not because of the absence of regular jobs at enterprises, but because of the absence of superfluous (low-paying) jobs.

Anticipating possible questions, it should be noted that a provision of Section II of the decree designates the sphere and basic principles of state regulation of labor payments, neither narrowing nor canceling out the rights of enterprises as granted to them by Article 96 of the Labor Law Code (KZpP) of Ukraine. Article 6 of the decree moreover states that the supervisor of a state enterprise chooses the forms and systems of labor payments and establishes the specific rate scales and salaries, bonuses, remuneration, supplements and additional payments for workers under the conditions envisaged by the collective contract, which corroborates the norm of the indicated article of the KZpP of Ukraine.

The state—with the assistance of the ministries and other bodies of state executive authority subordinate to the Cabinet of Ministers of Ukraine that perform the functions of the management of property that is under common state ownership—will be able to influence the effectiveness of the utilization and renewal of the means of production through contracts concluded with the executives of state enterprises.

A considerable part of the decree is relegated to the sphere of contract regulation of labor payments via the adoption of rate agreements at various levels. Rate agreements are concluded in succession, starting with the general rate agreement. That is conditioned by the fact that according to the fourth part of Article 19 and Article 30 of the decree, the norms for the general rate agreement must be taken into account at subsequent levels of collective negotiations, and the norms of the sector and regional rate agreements at the production level, as a minimum guarantee. The contract process for the formation of rate agreements in Ukraine has already begun today, and it could be said that the general and most of the sector and regional agreements will be concluded oriented toward April 1 of this year. The deadline for each agreement to take effect has to be designated by mutual agreement of the parties to the collective contracts—that is, the deadlines for these agreements to take effect will vary, which could cause a certain awkwardness at first glance. It should be noted, however, that the ninth part of Article 30 of the decree stipulates that norms for rate agreements at the production level that permit a level of labor payments lower than the norm are established by the general, sector or regional rate agreements, but not lower than the state norms and guarantees for labor payments and applied only in a case where the financial difficulties of an enterprise are of a temporary nature, during the period when they are being surmounted, but not for a period of more than six months. That is, in that situation the parties to collective negotiations should bear in mind when concluding general, sector and regional rate agreements that the longer the effective term of the agreement that is designated and the higher the supplemental benefits and guarantees in the labor payments compared to prevailing legislation, the calmer the labor collectives of specific enterprises that could independently resolve these issues at the expense of the profits that remain at their disposal will feel.

So the first step toward the contract regulation of labor payments under conditions of the development of market relations has been taken. Now we must take skillful advantage of this opportunity.

#### **Turkmenistan to Be Paid for Gas in Karbovantsy**

934K0278A Kiev URYADOVYY KURYER  
in Ukrainian 30 Jan 93 p 1

[Unattributed article: "How to Pay for the Gas?"]

[Text] Working meetings of a government delegation from Turkmenistan and representatives of ministries, agencies and the government were held in Kiev. The Turkmen, as is well known, are obligated to supply us with 28 billion cubic meters of gas this year. Ukraine accordingly has to pay for the product, but we do not have a sufficient quantity of either hard currency or rubles. The mechanism will be this: Ukraine will pay Turkmenistan in karbovantsy for the gas, for which goods may be acquired from us.

Our goal, as Vice Premier Yuliy Ioffe stated when meeting with the delegation, is to find full parity with regard to mutual deliveries. The negotiations were indeed devoted to a search for that parity. It was emphasized that Ukraine intends to make investments in the energy sector in Turkmenistan.

#### **Union of Industrialists, Entrepreneurs Concept on Urgent Measures, Socioeconomic Reform**

934K0148A Kiev MOLOD UKRAYINY in Ukrainian  
14 Jan 93 p 2

[Statement by the Ukrainian Union of Industrialists and Entrepreneurs: "Program Concept of the Ukrainian Union of Industrialists and Entrepreneurs on Urgent Measures and Socioeconomic Reform in Ukraine"]

[Text]

#### **The Economic Situation**

The Ukrainian national economy remains in a state of extreme crisis; this began at the end of 1990, continued during 1991-1992, and—according to most people—will not exhaust itself in 1993. It was caused by the collapse of the system of state administration and economic-management ties, as well as by the payments crisis and the absence of a macroeconomic regulation of the economy. The government's attempts to extricate the country from the situation which had evolved by means of price liberalization and an inflationary financial-credit policy not only failed to provide the hoped-for results, but even deepened the socioeconomic crisis further. Competition with other CIS countries along the lines of "wages-income-prices" brought the Ukrainian leadership to a situation characterized by inflation, a paralysis of state-run as well as private enterprise, and an acceleration of the outflow of capital—particularly in the form of freely convertible currency—beyond the borders of our country.

The growth of production costs has become a stubborn obstacle on the road to liberalizing foreign trade; it has

engendered a crisis in Ukrainian product sales, a negative balance in exchange, and insufficient outlays for energy sources and raw materials and raw materials. And this is one of the greatest factors causing the further decline of industrial production.

The payments crisis and the deflationary budgetary policy evoked a full accumulation of investment demand. During the years 1991-1992 the net accumulations of the basic production stocks or inventory were minus—something which has no analogies in the practice of developed countries. Impoverishment of the population as a result of the negative ratio of prices to incomes, along with the depreciation of people's savings, brought about an unnatural narrowing of the corridor of solvent consumer demand, beyond which durable goods, housing, securities, and other assets came to a halt. All this has deformed the incentives to work and undermined the motivation to remove the chains from expanding production, accumulating goods, and restructuring the economy.

The transition to a new system of coordinates is actually being carried out by methods which are characteristic not so much of the market economy as they are of the shadow economy. This is marginally narrowing the social base of the reforms and leading to an outflow of resources from the production sphere; it is also subordinating the resources of the state and the goods producers to the unsystematic movement of monetary inflation and fictitious capital, which acquires excessive profits while—at the same time—catastrophically cutting down the satisfaction of producer and consumer demands. Control on the macroeconomic proportions has been lost, whereas the value-financial indicators no longer perform the role of indicating economic development.

#### **The Program's Goals and Tasks**

Our program stems from the need to put a stop to the economic crisis and the further impoverishment of the people. It is designed to create a well-grounded, socially oriented market economy.

World experience attests to the following points: Extrication from a crisis is based on the principles of a predominantly state-type regulation of the economy. In this connection, the urgent tasks of the state include introducing anti-inflationary measures, controls on prices and wages, conducting work with regard to stabilizing sectors of the national economy, returning to favorable old economic ties and introducing new ones, discarding the economic mechanism when and if the profits of goods producers increase while there is a lowering of labor productivity and a catastrophic decline in the volume of production, particularly that of consumer goods. In such a situation the principal stipulation for carrying out the assigned tasks becomes the need to stabilize the economy by way of reforming the financial, credit, and monetary spheres.

#### **Monetary, Credit, and Financial Policies**

The principal task of our monetary, credit, and financial policies is to put a stop to the further growth of the

money supply, reduce the inflation rate to 4-5 percent a month, and to achieve a balance between demand and supply in the commodity markets. In order to carry out this task, we propose that a comprehensive set of anti-inflationary measures be implemented, looking forward to and providing for the following points:

a) making a transition to a severe and rigorous credit policy, as well as placing restrictions and limitations on the issuance of money;

b) restoring the health of state finances, reducing the magnitude of the budget deficit to 5 percent of the GNP, while—at the same time—granting budgetary and tax supports to the socially vulnerable strata of the population;

c) preserving state controls on prices for certain kinds of products in the basic sectors. In order to attain the above-indicated goals, what we need to do—first and foremost—is the following:

1. Actually separate the budgetary and credit systems—a move which would allow us to avoid covering the budget deficit by means of issuing money and handling state expenditures by means of credit resources. Financing from the budget should be closely connected with real and substantial revenues via the mechanisms of taxation and state loans.

2. Institute controls on the restricted limit of the money supply in circulation, as well as on credit-type investments and the total amount of the state debt. Introduce a realistic interest rate, based on the actual rate of inflation. Enact laws on the National Bank of Ukraine and on commercial banks and banking activity. Ensure a system for the most propitious development of a network of commercial banks. In order to activate the long-term crediting of investments, establish a Ukrainian Bank for Development, and ensure that commercial banks participate in this matter by providing incentives for them to do so.

3. The monetary reform has to be organically integrated with the privatization process. For this purpose it would be expeditious to introduce a privatized hryvnya, which would serve to assist in turning over state property in the process of privatizing it.

4. Work out a new mechanism for regulating currency, and create levers for straightening out currency costs of the population and enterprises for entering the banking system. Introduce convertibility for the national currency in order to handle the accumulations of state currency reserves and to conduct the monetary reform.

5. Based on the principles of the IMF [International Monetary Fund], arrange a currency-and-payments agreement among the countries of the former USSR—an agreement which does not preclude any possible cooperation between Ukraine and other international monetary groupings, in particular, with the European Monetary System in the future.



6. Take another look at the concept of the taxation policy. Place the emphasis on such objects of taxation as wages, property, and land. That would make it possible—on the one hand—to alleviate somewhat the effect of reducing the volumes of production, sales, and profits on the formation of revenues and the size of the budget deficit, and—on the other hand—to institute tax rates on profits up to 30 percent and on value added—up to 20 percent, while—at the same time—eliminating most of the privileges enjoyed by these taxpayers. The rates on property should be moderate—up to 3-4 percent. The tax rates on the increase of operating costs in excess of demand—something which is connected with the increase in production expenses (in real prices), can be at the level of the existing interest rates for credit. Conditions are being created for formulating operating costs within the framework of production demand, rather than by the conditioned potentials of price increases on raw materials, other materials, and finished goods. The sum total of all taxes, the source of payment of which are the profits earned by legal entities, as well as the direct and indirect income taxes on individuals, should not exceed 50 percent of the GNP (national income).

Taking into account the fact that inflation in Ukraine is predominantly structural-expenditure rather than monetary in its nature, in order to stabilize the money circulation, we need to set up a restructuring of the economy within a time limit or deadline.

The exchange rate of the dollar with regard to our national currency should be regulated by the actual market relations.

#### A New Structural Policy

Its promulgation and implementation should foresee the need to preserve and safeguard its real production potential, as well as its scientific and technical potential, in contrast to the slogans regarding the country's de-industrialization. It should transform economic resources in the direction of developing and mastering science-intensive and ecologically safe production facilities; it should reorient machine building and metallurgy to their own appropriate consumption, create a sector for high-tech export goods in exchange for imported products. It should free up material (first and foremost, energy-producing ones), labor and financial resources, as well as primary materials and those from the military-industrial sectors, and channel them into the production of producer goods and consumer goods.

We must restore the economic functions of the state in a targeted and purposeful manner, as well as putting it on a new foundation. We must also renovate the administration of food, fuel, and energy resources. At the same time it is necessary to oppose attempts at any sort of administrative dictates; and this will be possible only on the basis of corporatizing the production forces, transforming the primary links or units of production into the principal subject of economic activity and expanding

renovation, along with the regulated cooperation between the state and small- and medium-sized businesses.

The main road for extricating ourselves from this crisis is turning away as much as possible from the directionless wave of prices which has provoked the industrial decline. Opposition to the inflationary spiral has to be accompanied by state controls on prices and wages. Nowadays every goods producer is the bearer as well as the victim of the price flare-up. Achieving a consensus on price policy corresponds to the interests of both producers and consumers.

An activated policy can provide positive results only on condition that there is a renewal of investment activity, a sharp rise in the norms of accumulation in the national income, state-sponsored incentives for capital investments and production, as well as for building up the social and cultural spheres. In this connection, we ought to shift state investments onto a commercial foundation and set up a state fund for the basic sectors. At the same time, however, we must proceed on the basic assumption that the principal source of investments consists of corporate profits and the personal savings of the population. In the interests of capital diversification we must create investment funds based on share-type contributions from enterprises, sectors, individuals; these entities will profit on the basis of privileged commercial credit and money gained on their investment.

#### Scientific and Technical Policy

The strategic thrust of scientific and technical policy has to be modernization and renovation of the sectors of the national economy, creation of competitive, science-intensive production facilities, as well as the development of basic, fundamental science and applied research.

This requires—first and foremost—that the following steps be taken:

- ensure the financing of basic or pure science—in the state budget, and applied research—via arranging contracts on the basis of complete scientific programs;
- create a favorable economic environment for accelerating innovative progress, which will lead—in some of the most important lines—to a development of science and education, scientific and technical information, and the transfer of scientific and technical knowledge and skills in Ukraine;
- provide incentives for deepening the ties between science and production, as well as the introduction of progressive technologies and present-day scientific discoveries;
- create accessible computerized data networks relating to all kinds of human activity and bring them up to existing world standards;
- introduce a Ukrainian system of metrology, certification, and standardization; set up appropriate interstate agreements regarding the implementation of a suitable policy in this sphere;

—work out in conjunction with the Ukrainian International Quality Fund a state program for ensuring the quality of products and services.

#### **Destatization, Privatization, and Demonopolization of the Economy**

The processes connected with reforming property relations have to eliminate the monopolistic position held by the state and its departments; they must create the conditions for an equitable functioning of the various forms of ownership, and make every worker and working collective a genuine subject in property-type relations. This must be ensured by rethinking the premises for the development of market relations, as well as by strengthening the labor and entrepreneurial motivation for increasing production efficiency.

The most possible and most feasible road to destatization and privatization is the conversion of the domestic state debt into privatization certificates for housing and various types of industrial property. An alternative variant for becoming an institutionalized property-owner is the acquisition by individuals of a portion of a property-holding via an exchange of the investment certificates for shares in an enterprise which is subject to destatization.

Our program provides for the following actions first of all:

- overcoming the multi-level monopolism (of property, technology, administration) and creating a favorable environment for forming multi-entity, economic structures, a free and equitable development, and legal protection of the various forms of ownership and economic management;
- creating conditions for the development of joint-stock enterprises and leasing relations as the principal trend in the process of destatization. This favors the emergence of a new—stockholding—form of ownership, which combines the underlying foundations of individual and collective property ownership;
- transferring the irrevocable right to land to enterprises which are being privatized. This would make the land one of the principal assets of enterprises; and it could be profitably used by them in order to pay off their debts, or to obtain additional capital from various investors;
- preserving at this stage the state ownership at various levels among a wide range of enterprises. At the same time, however, with regard to the qualitative restructuring of the mechanism of state enterprises, they would be integrated into the structure of market-type relations; the state should have a precise mechanism for administering state property, as well as the processes which regulate the relations between the state and the private sector during the transition of property from one ownership to another.
- facilitating the rapid process of privatizing small objects of ownership and—at the same time—not

permitting any compulsory or forced type of privatization by very large enterprises, de-industrialization of the economy, reducing its non-market sector (education, science, culture, medical service, etc.), the development of a plutocratic form of ownership or various kinds of illegal enterprises, and the penetration of a private monopoly in place of the state monopoly;

- development of the institution of property crediting of the processes of destatization and privatization, controls and glasnost in conducting their processes, economic access of the population to facilities being destatized and privatized, the possibility of reprivatization, that is, the transfer of the ownership rights to a new owner if the first one, let's say, allowed the production of goods to stagnate and brought production to a standstill;
- introducing the state regulation of "natural" and—possibly at the same time—state regulation of "artificial" monopolies;
- working out sectorial programs for dividing up monopolistic creations which would be closely connected with the appropriate and corresponding sectorial programs of market transformations (privatization, reforming the administrative structure, etc.);
- activating the policy of diversifying capital and production in order to overcome the artificial strengthening of monopolism, including regional monopolism;
- creating multi-sectorial concerns which will engage in a competitive struggle in various commodity markets, along with developing competition between separate subdivisions of monopolized structures by means of granting them—as subdivisions—the right to consume directly.

#### **Development of Enterprise and Support of Small Business**

We must proceed on the assumption that enterprise is a function of the activity of private as well as state enterprises. The following actions are necessary for the initial stage of its development:

- forming a framework of independent structures the top-priority tasks of which would be to conduct the enterprises of the state sector under the working conditions prevalent in the system of free enterprise;
- creating equal conditions of economic activity for domestic and foreign enterprises;
- opening up access for enterprises to foreign credits, which are granted from foreign organizations or through international channels;
- creating specialized banks which would engage in granting individual loans and servicing venture-type entrepreneurial structures;
- introducing state-type insurance on commercial loans to enterprises in the event of financial losses caused by factors brought on by the state;

- opening up republic- or regional-level centers for the development of small business in order to provide informational, administrative, and technical assistance to small businesses, prepare and arrange their contacts with large firms, help them in seeking out customers and in obtaining orders;
- working out and introducing a state program of vocational training for personnel staffs for entrepreneurial structures;
- taking another look at the legislation which regulates economic relations from the viewpoint of facilitating the development of enterprise (the stability of normative acts, protecting the rights of a property owner, and placing limitations of intrusions by the state).

The state should act as the guarantor in matters of developing enterprise, small business, farms, or other forms of entrepreneurial activity.

#### The Agroindustrial Complex

The purpose of the agrarian reform is to increase agricultural efficiency and to increase the production of foodstuffs. In order to achieve this, the following measures should be provided for:

- approving the creation of a normative-legal center for agrarian reform;
- organizing, based at existing kolkhozes and sovkhozes—upon the wishes of their workers—share-type or joint-stock forms of farming companies, associations, cooperative agrarian, or agroindustrial systems, livestock farms, or very small rural groups, cooperatives, small enterprises, as well as enterprises with collective ownership, and even those who are satisfied with the kolkhoz or sovkhoz forms of farm management, taking the new forms of economic policy into consideration.
- developing a state program for setting up a new arrangement in the village, for which up to 10 percent of the material, technical, and financial resources would be allocated every year, and which would be channeled in a centralized way into the development of agriculture;
- forming the infrastructure of a market economy (a Ukrainian land bank, a Ukrainian rural commercial bank, a mortgage bank, an insurance and joint-stock company, a diverse sectorial network of trading, purchasing, and sales organizations, as well as dealers' service cooperatives, centers for the renting and sales of second-hand equipment, offices for marketing and scientific and technical servicing, etc.);
- working out a mechanism for quoting state purchases, which would ensure the minimal needs of a centralized delivery of supplies, taking into account the corrections and adjustments for long-term prices relative to the inflation.

#### Foreign Economic Activity

Under the crisis conditions of forming a market system the foreign economic system has to be—on the one hand—liberalized for the world and—on the other hand—closed, which is a procedure leading to the creation of a competitive environment for national enterprises, and which safeguards them (and, in the first place, the entire processing and finishing industry) from ruin and collapse. Proceeding on this basis, we must take the following steps:

- combine the retention of regulating the foreign-economic complex with the full powers of each entity engaged in foreign-economic activity, create stable state guarantees for the entrepreneurial structures of all forms of ownership in carrying out operations in the foreign market (insurance, crediting under favorable conditions, resolving disputed issues, etc.);
- retain the economic mechanism for the functioning and development of export production, for which we must: a) introduce favorable or privileged taxation for entities engaged in foreign-economic activity; b) ensure and provide for the interrelationship of the economic mechanisms of the entities engaged in foreign-economic activities between Ukraine and other state-partners (in crediting, taxation, and customs policy); c) guarantee the inviolability of the currency accounts in Ukrainian banks and their free utilization by their owners; d) resolves issues involving the institution of quotas, the enumeration or listing of commodities which are subject to licensing, as well as permission granted to conduct barter-type operations, only taking into consideration the total, comprehensive balance of exports and imports of the production and engineering types, as well as consumer goods;
- introduce the system of most-favored treatment for foreign investments which are channeled into retooling and transforming sectors of the food and light industries, as well as the production of durable-type consumer goods.

Relations with the CIS countries, and—first and foremost—those with Russia, should be a top priority of foreign-economic activity.

#### Social Policy

Its chief tasks have to become preserving, safeguarding, and further developing the social guarantees of the population—guarantees which ensure that the processes of its mass impoverishment, its physical and spiritual degradation will be blocked.

The principal measures with regard to implementing the social policy are the following:

- carrying out an effective employment policy—one which is based upon integrating the government's efforts to create jobs, grant tax breaks and other privileges, along with stepping up the activities of private structures with opening up new and more effective production facilities and jobs;



- providing incentives for restructuring those sectors which have a surplus of manpower (first of all, converting the defense complex) and the regions with a stagnating economy (by way of reprofiling their production and retraining their workers). In order to do this, it would be feasible to work out programs for developing small- and medium-sized business, for creating vocational-guidance centers, and to introduce a system of community projects;
- creating a genuinely effective system of privileges for enterprises which could profitably utilize the work of disabled persons, wives, and young persons;
- making the transition to a new mechanism for regulating wages, based on the need to enact tariff agreements and collective treaties;
- turning (during the crisis period) to partial state regulation of wages, which would revise—on the one hand—the guaranteed minimal living level for the low-paid categories of workers, and—on the other hand—would place restrictions on the economically unjustified increase in the money earned by monopolistic enterprises;
- introducing an address system of social protection which emphasizes providing support for families with many children, as well as pensioners, and disabled persons. We should conclude interstate agreements with regard to providing social guarantees for workers who change their place of residence;
- preserving during the crisis period the existing mechanism for the functioning sphere of social and cultural services (housing, community services, health care, and other vitally important sectors) in places where there are no guarantees, and this could lead to improvement in services provided for the population.
- giving incentives to enterprises which carry out a policy of social protection at their own expense;
- working out a state program for supporting those enterprises which continue to provide support for facilities involved in the social and everyday infrastructure.

**Cabinet of Ministers' Press Service Release on Decree 'On Implementation of Law on Farming'**

934K0194A Kiev PRAVDA UKRAINY in Russian  
28 Jan 93 p 2

[Press release of Ukrainian Cabinet of Ministers' press service: "For the Development of Farming"]

[Text] The Cabinet of Ministers of Ukraine has passed a decree "On the Progress in Implementing the Law of Ukraine 'On the Peasant (or Family) Farm' and Government Decisions on This Matter."

The decree says that ministries and departments of Ukraine, the Council of Ministers of the Crimean Republic, and local state administrations have not done enough to implement the Law of Ukraine "On the Peasant (or Family) Farm" and government decisions,

and that this has complicated the restoration of this private sector of the economy and assigned it a passive role in the food market.

The creation of a land reserve has still not been completed in several rayons and oblasts. There have been delays in the allotment of parcels of land for peasant (or family) farms, and the size of these parcels has been limited for no good reason. Only half of the applications of citizens for parcels of land have been processed. Funds have not been allocated from local budgets for the development of the production and social infrastructure for peasant (or family) farms. Limited opportunities for state financial support and credit guarantees have impeded the material and technical supply of peasant (or family) farms. Because of this, the majority are small-scale producers with low-intensity farming and animal husbandry operations and cannot compete with modern kolkhozes and sovkhozes or take part in foreign economic activity. For various reasons, many farmers, especially hired laborers, have no social protection.

The decree calls for several economic-organizational undertakings by ministries, departments, and local government agencies to secure the implementation of the Law of Ukraine "On the Peasant (or Family) Farm" and the government decisions on this matter.

Special efforts must be made to restore the competitiveness of the private agrarian sector of the economy. Requests for farms should be granted primarily on a competitive basis by choosing farmers capable of diversified farming operations meeting current requirements. Peasant (or family) farms of the optimal size should be organized, including leased land, to secure expanded reproduction primarily with the farms' own funds. The size of parcels of land allotted for this purpose and the standard share of agricultural land should not be limited. Farmers will be given all-round assistance in the establishment and development of farms. This will include material and financial support, long-term bank credits for new farms for the purchase of material and technical resources, with agricultural products serving as the collateral, and agrochemical, technical, and veterinary services for farms on the local level.

Farmers should be encouraged to participate more extensively in the work on state orders and procurements of agricultural products and in the social restoration of rural communities. The members of peasant (or family) farms and their hired help should be guaranteed social protection, property and crop insurance, and the consideration of length of service in labor contracts and property agreements.

The Ukrainian State Fund for the Support of Peasant (or Family) Farms and its oblast branches should be more active.

The Ministry of Finance should provide for annual allocations to the Ukrainian State Fund for the Support of Peasant (or Family) Farms in draft state budgets. During the initial stage of the establishment of these farms, the fund should compensate farmers for up to 30

percent of the cost of building animal husbandry facilities, including the cost of planning and estimate documents, and up to 15 percent of the cost of the farm's first tractor, combine, and truck.

Within a month the Ukrainian State Fund for the Support of Peasant (or Family) Farms should establish the procedure for compensating peasant (or family) farms for the cost of building animal husbandry facilities and the cost of the first tractor, combine, and truck and set a ceiling on the expenditures for each farm.

Starting in 1993, at least 5 percent of all centralized state capital investments in the social development of rural communities will be set aside each year for the peasant (or family) farms. These funds will be used for the construction of access roads to peasant (or family) farms, power, radio, and telephone transmission networks, and gas and water supply systems and for the reclamation of land in line with the state program. In remote communities the funds will also be used for the construction of housing and other structures for the needs of families.

Within the next two months, the Ministry of Agriculture and Food, the Ministry of Economics, the State Committee for Water Management, and the Ministry of

Finance will work with the Association of Ukrainian Farmers to decide the procedure and terms of the allocation of state capital investments for the establishment and development of peasant (or family) farms, the maximum allocations for each farm, and the mechanism for covering costs with state budget funds.

Within the next month the Ministry of Agriculture and Food, the Ministry of Finance, and the Ukraina Bank will work with the National Bank on a mechanism for the stable crediting of peasant (or family) farms and the use of the resources of the Ukrainian State Fund for the Support of Peasant (or Family) Farms to guarantee loans and to cover part of the cost of the interest on these loans.

Within the next month the Ministry of Foreign Economic Relations, the Ministry of Finance, and the Ministry of Economics will prepare proposals on the allocation of part of the credits received from foreign countries to peasant (or family) farms for the acquisition of agricultural and processing equipment and the purchase of licenses, technology, seeds, and so forth.

## BELARUS

### Belarusians Polled on Politics, Economy

934K0228A Minsk ZVYAZDA in Belarusian 29 Jan 93  
p 2

[Interview with Yawhen Babosaw, director of the Sociology Institute and corresponding member of the Belarus Academy of Sciences, by Uladzimir Khilkevich: "The Government Must Contrive To Relieve the Burden of Prices"; date and place not given]

[Text] Things are not as fatalistic as they seemed. It is possible to influence processes taking place in society lately. That's what scientists assert, anyway.

The Sociology Institute has completed processing the results of a survey carried out in all six oblasts of Belarus and in Minsk. Evaluations of the social-political situation by various groups of the population have been determined.

Well then, what do the people think about the strange events of today? ZVYAZDA observer Uladzimir Khilkevich met with Yawhen Babosaw, the director of the Institute and a corresponding member of the Belarus Academy of Sciences.

**ONE OF OUT OF EVERY TWO THINKS HE IS POOR; ONE OUT OF EVERY SIX THINKS HE IS A PAUPER**

This is exactly the kind of case when statistics "scream." Two-thirds of those questioned (66.8 percent), according to their personal estimation, are living on the level of poverty or below. Nevertheless, how many are below that level? More than half the population of the republic (51.1 percent) assign themselves to the poverty category, and 15.7 percent classify themselves as paupers. Only a little more than a quarter (28.1 percent) consider themselves to be people of average means. Are there any rich people? Yes: 0.7 percent.

A quote from the Institute's "Analytical Notes": "The survey showed that one cause of the substantial social tension in society is runaway prices, which have become the primary cause of the sharp decline in people's wellbeing. Rising prices are the main problem causing the greatest concern for the republic's citizens. This was reported by 81.6 percent of the respondents."

Other social-economic factors giving rise to great anxiety are rising crime, the lack of social security, and rising unemployment.

[Khilkevich] Practically the same problems worried our countrymen in the first stage of the survey as well, in May and June of last year. This means we are dealing with relatively persistent characterizations by the public. But has anything changed, as well, in that time, Yawhen Mikhaylavich?

[Babosaw] The problems have remained the same, while our perception and attitudes toward them have changed. Strange as it seems, the percentage of people who are concerned about the situation have declined somewhat.

There are two explanations for this. First, rising indifference, passivity, and apathy (characteristics of a society in transition, in which abrupt changes are taking place). Second, people's keenness of perception has become somewhat blunted as a result of deliberate actions on the part of leadership structures.

[Khilkevich] Does this mean people's social hopes are coming to be realized?

[Babosaw] Unfortunately, no. Everything is much more complicated. By and large, the masses of the people do not believe that the actions of the Parliament and the government coincide with their social hopes (I have concrete data to back all this up). A kind of growing gap emerges. The ordinary man, immersed in his workday—or, if you will, his philistine—existence, is busy dealing with very specific life situations. He is not much concerned about macroeconomic processes, the progress of the reforms, or declining production. That's the job of the Supreme Soviet and the government. Concerned about the larger problem—bringing the republic out of its stalemate—they are seeking paths that are "over the heads" of ordinary people. That's how it seems to many.

It is essential to provide daily, very complete information to the public concerning the efforts the leadership is making. So that the ordinary man will be confident that something very specific is being done every day. That reasonable, if not very popular, measures are being taken. So that people can know what is in store for them today, tomorrow, day after tomorrow. Because not knowing is worst of all.

What is needed is a precise, well thought out and organized course of action to provide the public with complete information. Then there will be no panic, and distrust in the government will diminish.

That's why it is worthwhile to inform the citizenry of the government's program of action for this year. It is necessary to compile and publicize models of a possible improvement of people's standard of living (for this, as the survey showed, is mostly what bothers people). A model for each group of the population. And a number of specific steps to back it up, and in this way begin to stabilize the level of needs. How? There are many who are proposing that plants be reprofiled and that their production be brought into conformity with the requirements of a region's inhabitants. We have sufficient production capacity to meet all the people's needs. But the structure of production does not accord with the domestic market.

The situation is made easier by the fact that the Supreme Soviet's and the Council of Ministers' store of trust is not yet exhausted; they can influence processes quite effectively, and this is taking place. In many ways they will determine whether the efforts that are undertaken are understood and accepted.

[Khilkevich] In the past half year, nevertheless, the public's assessment of the actions of governmental structures have become more critical....



[Babosaw] It's a natural reaction to the decline in the standard of living. The rating changed as follows. In June of 1992 more than 39 percent of those surveyed expressed support for the Supreme Soviet and more than 44 percent supported the government. In December, only 1.5 percent judged the Parliament's work to be effective, 45.7 percent judged it to be fairly effective, and 37.7 percent judged it to be ineffective. The respective ratings for the government were 3.6, 49.2, and 31.8 percent.

It is the entrepreneurs who have the most negative attitude toward the Parliament. They are unhappy with the laws that are being passed, especially tax policies. Workers have the most complaints about the work of the Council of Ministers, while the entrepreneurs have the least. But businessmen are very negative toward the economic reforms that are being carried out and consider them not radical enough.

Incidentally, the biggest critical potential has built up in Minsk, Brest, and Brest Oblast.

Unhappiness with the work of the Supreme Soviet and the government is also apparent in the response to the question of who is in power. One out of every three (37.6 percent) thinks that it is the corrupted and mafia structures; another 6.6 percent think it is the entrepreneurs and businessmen; 11.6 think nobody is in charge. People complain about the sharp decline in the authority of the legislative and executive branches—especially "in the localities"—the lack of leadership, and legal anarchy. There is the impression that governmental structures either cannot or do not want to keep order. It is easier to do this in Belarus than in other places.

It is probably time for the Supreme Soviet and the Council of Ministers to beef up their "teams" with people who are knowledgeable and authoritative. In any case, solid scientists should be working as advisers to both the chairmen. I won't say anything bad about the present apparatus, but I know very well that the most qualified specialists in economics, sociology, law, and psychology, who could generate ideas, are not the advisors.

#### IT IS TIME TO SEEK OUR OWN JAN SZCZEPANSKY

[Khilkevich] You said that society is sinking deeper and deeper into political apathy. Does this by itself guarantee there will be no social upheavals? Are there any agitators capable of disturbing the peace?

[Babosaw] Such a thing could be triggered by a substantial new price rise. Right now, much depends on whether the government can relieve the burden of prices from people's backs. People are just not going to take to the streets; they are disillusioned with rally-type democracy. But they have to see that there is a way to survive.

[Khilkevich] In recent times, a real multi-party system has taken shape. In your "Analytical Notes" you assess the republic's inhabitants' attitudes toward 11 basic

parties and civic movements. Could it be that this unprecedented number of them is by itself an element of instability?

[Babosaw] At present it's the opposite. Parties and movements are not large in membership. They influence the Supreme Soviet and the government individually. In this way they balance each other out.

But when any idea (for example, the idea of referendum or moving up of the elections) compels them to consolidate, pressure from one side can in fact bring down the organs of government. In any case, I think that circumstances will begin to grow more complex as the new elections approach. Each party will promote its own campaign platform, its own economic program. Can you imagine? Eleven basic parties and movements and several dozen others, each one with its own platform. Just try to sort them out. A new "shake-up" of society is beginning.

This is why the idea of a national "roundtable" looks like a winner. Right now. Let the people together seek ways out of the protracted crisis. Let them analyze these various platforms thoroughly and with good will. And let the whole republic watch it on television. So that people can call in and join in the discussion. The "brainstorming" method can provide an effective way out of the frustrations that have us in their grip. And consolidate society, which is no less important. In neighboring Poland they found a politically neutral figure, the world-renowned sociologist Professor Jan Szczepansky, and he conducted the meeting in an impartial atmosphere of good will. We can find our own Jan Szczepansky and together work out our own program of national concord that can lead to national salvation.

[Khilkevich] What is the breakdown of the sympathies and antipathies of the people toward the various parties and movements?

[Babosaw] The survey revealed some new tendencies. Of the persons who were surveyed, 13.7 percent had complete faith in the PKB [Party of Communists of Belarus]; 10.1 percent were in favor of the Movement for Democracy, Social Progress, and Justice that is close to the CP in spirit; 9.9 percent supported the BNF [Belarus People's Front]; 8.4 percent favored the Belarus Peasant Party. The others got between 1.8 and 4.9 percent of the supporters. On the other hand, 31.1 percent did not support the BNF and 30 percent did not support the PKB.

Again, as we can see, there are no absolute leaders. No one enjoys the trust of the majority of the people. But whereas not too long ago the "Fronters" were the most trusted, now their political opponents seem to be. Having experienced the market economy, there are some who are ready to return to the idea of social justice, which is proclaimed more or less consistently by the new communists. We may predict that as the social-economic situation worsens, the PKB will gain more adherents. Everything depends on the people's standard of living.

[Khilkevich] Well, then, let's sum it up. The survey showed that....

[Babosaw] That the main thing now is to improve people's standard of living. That we need to refrain from any all-encompassing politicization and finally do something real about the economy. You don't sort through relations in a house that is in ruins. .

So far, God has been merciful and our people are wise. They have had enough of revolutions, genocide, war, and Chernobyl. The people have not forgotten these four disasters. Personally, my main hope is with the Belarusian people's historical memory.

#### **A few interesting figures (with no commentary)**

The introduction of private land ownership is supported by 27.8 percent of those surveyed. Retaining state ownership of the republic's basic resources is supported by 40.4 percent. Transferring land with the right of inheritance is supported by 29 percent. Paradoxically, however, it is basically city-dwellers who are in favor of private land ownership (30.8 percent); only 14.6 percent of rural inhabitants are in favor.

The privatization of state property is favored by 35.3 percent of those surveyed; 33.9 percent are against it. The idea was supported especially by businessmen and entrepreneurs (88.5 percent).

A Belarusian currency was favored by 48.4 percent; 22.9 percent were against it.

The idea of establishing the position of president was supported by 35.5 percent of the respondents; 24.5 percent were against it.

A total of 63.4 percent of those surveyed believe that the Supreme Soviet should be the supreme organ of state power. The Supreme Council was supported by 12.6 percent, while the Soym was supported by 8.6 percent.

A total of 61.4 percent of the respondents stated that the Constitution (Fundamental Law) of the Republic of Belarus should be adopted by the people via referendum; 23.5 percent were content to entrust it to the Supreme Soviet.

The majority believe it is possible to resolve linguistic and other problems in a calm atmosphere of good will and respect for any person, language, and culture. What is needed are collective efforts on the long road of compromise and reform.

#### **Present Leadership Said To Be Reactionary, Incapable of Reform**

934K0103A Minsk ZVYAZDA in Belarusian 5 Jan 93  
pp 1-2

[Interview with Vasil Bykaw by Valyantsin Zhdanko: "I'm Afraid Belarus Faces Bleak Degeneration Into an Ordinary 'Subject' of Confederation or 'Federation'"; date and place not given]

[Text]

[Zhdanko] Vasil Uladzimiravich, in an interview with the Warsaw journal OBOZ in June of last year you predicted, in some detail, today's political events in Belarus—the cancellation of the referendum, revival of the Communist Party, and weakening of the opposition. You've proved to be prophetic. In your opinion, what is in store for Belarus in the next few months, especially considering recent shake-ups in Russia?

[Bykaw] It doesn't take much of a prophet to forecast what's coming next in Belarus; all it takes is a pair of eyes and the ability to think and see. Look at where the country has been led by the leadership which, in the summer of 1991, merely changed its name and traded cozy offices in the same buildings. The Sovereign Republic of Belarus.... But to realize the idea of sovereignty in any way will require, at the minimum, political will on the part of the leadership and indeed the whole nation. But as we know, this sovereignty would hit like a bolt from the blue, and the leadership still doesn't know what to do with it. Especially considering that doing anything is becoming harder and harder. That's why our nomenklatura is increasingly turning its collective gaze backward, to the past, where everything was so comfortable and prestigious, with no worries, as everything was decided in the Holy Center—Moscow. I'm afraid that under these circumstances Belarus faces a bleak degeneration into an ordinary "subject of confederation" or federation—to the joy of the nomenklatura and with the complete indifference of the disillusioned masses.

As we know, the leadership nomenklatura and the corps of deputies see in this, among other things, a certain way out, an escape from the crisis and the nightmare specter of the referendum, which, although it was not permitted, still has not been completely removed from the political agenda. But their hopes are in vain: reintegration is not going to save them, for the specter of the referendum looms not only in Belarus but also in Russia, Ukraine, and other states of the former USSR. It has become very clear to many peoples of the Commonwealth that the present Soviets, which very recently seemed to guarantee democratic changes, have turned out to be a reactionary brake on practically all levels and need to be replaced immediately through pre-term elections on a multi-party basis.

[Zhdanko] Many people have been confused by the fact that, judging by numerous interviews, you unconditionally endorse the BNF [Belarus People's Front], and you call its leader Zyanon Paznyak a prophet and predict he will be the future President. Have your views on the opposition remained unchanged? Doesn't it seem to you that the BNF is moving increasingly to the right and thereby losing defenders and the support of the people?

[Bykaw] And I think that will continue. Especially people who have served (and still do) the imperial designs of the former Union, who have made communist demagoguery their profession, who have for generations worked on the side as "volunteer helpers" of the KGB [Committee for State Security]. Zyanon Paznyak, naturally, is a principled enemy of such people, as they are his. But anyone

who is a patriot of his Fatherland, who mourns the tragic fate of Belarusians, dreams of the rebirth and flowering of the national culture, and respects the sovereignty of Belarus as a lifelong goal rather than a fashionable fad—a person like that, I think, can make a fair assessment of Paznyak.

As is well known, Belarusians have not been blessed with a great number of national heroes; much more famous are Belarus's various lackeys—from the Communist party bigwigs to officials of the military-industrial complex, generals and cosmonauts who have faithfully served the aims of the Great Empire and completely disdained Belarus and its culture and language. Our country has not given birth to many people of dedication, great hearts, and clear minds. One such, however, is Zyanon Paznyak, an intellectual, a scientist, and a true patriot of Belarus. You can say he has created a politically viable Belarusian people's movement from scratch, filled it with purpose and ideological content, and forged an effective opposition in a totally bolshevik Parliament; this all reflects the extraordinary nature of his person. Especially under the catastrophic circumstances Belarus finds itself in. Since the BNF was organized, the communists have been trying to frighten people with the specter of Paznyakian nationalism, which they have not seen and, in fact, do not perceive in him. In the party schools where they received their political education they were taught just one thing—to howl "nationalism" as loud as possible, and that's what they're doing. And even if Paznyak is a nationalist (actually, a national), it is not in the sense that the communists mean. What they are afraid of is not his nationalism but rather his principled anti-communism, which generally reflects reality and which may be Zyanon Paznyak's greatest virtue. And while not everything in the BNF is coming out as we would wish, that is not the fault of its leader. Perhaps Paznyak's politics is devoid of social populism—but this lack is more than made up for by his pronounced morality, a quality which, as is well known, does not go well with big politics. But of the two I would choose morality, and therefore I will support this man to the best of my abilities, this true national hero of Belarus.

[Zhdanko] You have been witness to more than one change of leaders in Belarus. If I am not mistaken, you have always tried to keep your distance from the corridors of government. Nevertheless, is there anyone among the top dogs whom you can trust and respect? Anyone you can stand more than the others?

[Bykaw] Then it would not be a matter of leaders. Leaders could vary in terms of their characters, their inclinations, even their worldviews. But they have all done the things for which they were programmed. Essentially they have been communist zombies. Anyone who has been lacking in that regard has been cast out of the system. And in general, they have not been able to do anything. For example, a secretary of the CPB [Belarus Communist Party] Central Committee gave his OK to the publication of my story "The Dead Have Nothing To Worry About," but a functionary from Glavlit [the

censors] said No. And the victory went not to the secretary of the Central Committee but to the republic Glavlit in cahoots with Moscow's Glavlit. The system was mightier than the individual. Even the most outstanding individual. Even Mazuraw, and Masheraw, and Sakalow were equally powerless before that system. It is quite another matter that they didn't even try to go against the programmed functioning of the system; in fact, they served it sincerely and impeccably.

[Zhdanko] Unfortunately, there are very few writers in Belarus who did not compromise with the methods of socialist realism in decades past. As a result, many writers, when preparing collections of selected works, come up against the fact that much that they wrote earlier cannot be republished. Does that choice face you as well? Are there any things which you would not want to include in a collection of your works?

[Bykaw] There are some things which I do not intend to include in my own collected works, but not because of political but rather literary considerations. There are, for example, some plays which I consider to be weak and mediocre, although they were performed in the theaters of Minsk, Moscow, and other cities of the former Union.

[Zhdanko] Your tendency to write on military affairs is well known. Might that be one way you had of getting away from current political fashion [konyunktura] and writing about things that afforded sufficient freedom to maneuver?

[Bykaw] Freedom to maneuver....

Recently, Belarus's literary community observed the 70th anniversary of the literary journal POLYMYA. Sitting on the stage for the television cameras were a number of staffers for that journal who were familiar to the literary community from the time before perestroika. There were some who, prudently, didn't appear. But our literary community recalls everyone with great kindness, because it knows what this literary journal was like over the decades, and the role it played in the national literature. Not one work of prose made it intact through the journal's literary-ideological purgatory (save perhaps the novels of CPB Central Committee member Ivan Shamyakin) until it had been cleansed of everything that did not comply with socialist realism. This was done by experienced and highly qualified "purgators" made up of staff editorial specialists or a specially chosen editorial board. They knew how to twist an author's arms and force him to cross out what he had written and write what suited them. The special cynicism of the aberration was that it was often ascribed to purely literary consideration of the work's "high artistry." Nevertheless, their demands were categorical and were not subject to appeal. These cadres enjoyed the absolute trust of the government, because they were chosen not only by the CPB Central Committee's agitprop [agitation and propaganda section] but also by "competent organs." None of an author's pleadings were taken into account, even references to Moscow, to NOVYY MIR and Tvardovskiy who were in the process of printing a certain work



and translating it into Russian. In response they would tell the author: "Tvardovskiy is nobody. Tvardovskiy published Yevtushenko too, but we're not going to." So that was what "freedom to maneuver" was all about. And not just in military prose, either.

[Zhdanko] Don't you think that the present situation in Belarus, despite Parliament's shortcomings, favors a gradual transition to a democratic system, without any abrupt shocks?

[Bykaw] The necessity of some intermediate stage on the path to democracy has become evident. It is probably impossible to shift from totalitarianism to democracy in a short while, if only because these two systems are absolutely incompatible. Where they meet there is generally bloodshed and violence, as we see around practically the whole perimeter of the former Empire, although it is generally ascribed to more traditional causes. Here in Belarus, thank God, we have had no bloodshed yet, but neither have we had democracy. Essentially, the earlier system still persists here—weakened, to be sure, with a number of ambivalent features. The fact that there has been no bloody coup is good, but the fact is that the transition period cannot drag on too long, especially under such extreme circumstances. Being totally devoid of any tolerance, our native totalitarians always strive to stamp out any tender shoots of democracy; I think such a process is already underway. Not much is left of democracy, and the first to die is glasnost [openness], followed by all the rest. Clearly, the most advantageous time for the establishment of a democratic society has been let slip by, wasted in the immovable obstructionism of the communist Soviets, and today's generations are not likely to get anything better. Incidentally, I very much hope I am mistaken, but many years of experience of our scandalous perestroika in the sphere of economics have attested that the CPSU has not undergone any reform at all, and neither will the economic system it has fostered. It can only be totally abolished, so that a new, humane economy can flourish in its place.

[Zhdanko] How do you assess Belarus's future path? Where should it lead? If it should lead to Europe, how do you assess our politicians' present priority orientation toward Moscow?

[Bykaw] Where should we expect our politicians to lead—graduates of the CPSU, graduates of the higher party schools, the Academy of Social Sciences, the Lenin universities, KGB academies, MUS [Moscow District Soviet of Workers, Peasants, and Red Army Deputies], and their numerous ilk. People who have been integrated not only into Russian culture (bypassing Belarusian culture) but also imperialist politics practically all their lives, from the time they were Pioneers and Komsomols. They know nothing else and therefore do not realize. Except that they have lately come to be possessed by the pursuit of the material goodies of the West and the East, in the form of videos, jeans, and the imported double-breasted suits that they have all changed into. And then there are the Mercedeses and Volvos....

Once I read in the newspaper an intelligent discussion by a businessperson on this subject. Our corps of directors complains in chorus that with the disintegration of the Union, production relations have been broken, leading to disaster in the economy. But, the author writes, that is a lie, because the disintegration of the Union has not prevented these bigwigs from quickly moving out of their rattletrap Volgas into chic Mercedeses; perhaps that's thanks to their close ties with allies near and far. Indeed! Perhaps the ties that are being broken are not needed, and the ones that are needed, even in our time of general turmoil, are only becoming stronger, thus providing our smart-operator directors not only with foreign cars but also salaries ranging from 200,000 to a million rubles per month.

If our leadership really did care about the future of a sovereign Belarus, instead of its traditional, bankrupt orientation toward the East, toward Russia and the Center, it would realize that there are other options in this. For example, the creation of a Baltic-Black Sea union or an Eastern European community made up of the Baltics, Belarus, Ukraine, Moldova, Poland, Slovakia, and others. Obviously it is not an easy matter; perhaps it will be the test of a truly national leadership which, however, must sooner or later come to replace the present one.

[Zhdanko] Do you sense a nostalgia for the time when, despite the fear of the totalitarian system, Belarusian writers found it much easier to publish and were living much better in material terms? What do you make of the paradoxical situation that in a democratic society a true literature has proved to be not very necessary?

[Bykaw] Formerly, literature was vital to the ruling party, and, as we know, it was valued to the extent that its literary masters were dedicated to the cause of communism. Some writers, being fully aware of that rule, made good careers for themselves and sometimes elevated their families "from the mud to the blueblood." Obviously, the purely cultural importance of their works was nil. Society, however, cultivated a "policy of consent" (which has not just recently come into fashion), when nobody dared to say that the king was naked. Officially, the opposite was proclaimed. While they were alive, they were published and republished, elected to every possible honor, and awarded all the numerous regalia of the Union. After they died they were honored with memorial museums, the names of streets in the capital cities, and bronze plaques on the walls of prestigious "noblemen's nests" where the classics had lived. And then immediately their names were forgotten, to say nothing of their works, which the nomenklatura never did read because they figured that that was the people's job; the nomenklatura was content with Chekhov. Meanwhile, waiting in the wings for new awards were new "classics" thirsting for belated national recognition. Those were the years of stagnation, the conveyor belt that never stopped. Now, everything has changed. Under conditions of material want, the demand for even genuine spiritual nourishment has declined drastically, not

to mention the ersatz kind, and material nourishment has become extremely urgent. And considering that even in the society toward which we were striving, spirituality, culture—or literature either—do not mean much, it is not hard to predict that as we head for the end of the twentieth century, total commercialization is likely to put an end to traditional culture. Its place will be taken by all kinds of manifestations of the market mass culture—kitsch, rock, and ersatz music, trashy comics about sex and violence—all the things which we now observe with revulsion in the West (in the well-fed West, however, from whence all living standards are somehow making their way to us). Sad but true. History marches on!

[Zhdanko] Have you ever in your life wanted or intended to leave the country? Have there been times when they have tried to "buy" you, to win you over and entice you with awards, titles, or money?

[Bykaw] The problem of emigration has never attracted me; even in times of bitterness I have never wanted to quit Belarus. As for the other question.... As is well known, in the final years before perestroika the leaders of Belarusian ideology, having perhaps sensed the futility of using certain methods with respect to Bykaw, changed their tactics, conferred certain titles on him, and allowed him to win literary prizes (which they could have withheld; U. Karatkevich, for example, was refused, and his prize was given to a different writer, a future member of the CPB Central Committee). It seems they were too late, however. At my age I already had a certain amount of life experience and realized the real value of the "glory" which those same ideological overseers used so easily to manipulate everything. And again, I vividly remember something that once happened to a performer in a provincial theater playing the role of Lenin, in a play by Pogodin, I think, and the local newspaper praised him. The poor actor got so puffed up because of the unexpected praise that he got drunk and died. I would not want to die, I'd rather live a little.... But seriously, it was unseemly to claim, as numerous of my colleagues did, that it was through their talent that they obtained "cushy" posts—which, incidentally, are still feeding them pretty well today. Not like some lovers of the truth with titles who, suffering, found themselves toward the end of their lives with a kolkhoz pension in their pockets and not knowing how they were going to live without a kolkhoz garden. But, as is well known, we were warned about this by Voltaire, but we didn't listen too well. We listened to other prophets, who soon enough turned out to be ordinary frauds. So—who do you blame?

#### **Communique on Results of Government-Trade Union Talks**

93UN0665A Minsk NARODNAYA HAZETA  
in *Belarusian* 19 Dec 92 p 1

["Communique on the Results of Talks Between the Belarus Republic Council of Ministers and the Council of the Federation of Trade Unions of Belarus," signed 18 December 1992 by V. Kebich, Chairman of the Belarus

Council of Ministers, and U. Hancharyk, Chairman of the Federation of Trade Unions of Belarus]

[Text] The Belarus Republic Council of Ministers and the Council of the Federation of Trade Unions of Belarus held talks on 16-18 December 1992 concerning problems affecting the vital interests of broad segments of the public.

During the talks the two sides expressed concern over the present situation in the republic's economic and social development.

They pledged mutual efforts to collaborate in order to create conditions for the normal operation of all sectors of the national economy and stabilization of the situation in society.

For the purpose of liquidating factors provoking people's dissatisfaction and mass demonstrations by the workers, the Belarus Republic Council of Ministers and the Council of the Federation of Trade Unions of Belarus reached agreement on the following.

In the near future the government will implement a program of measures to set up and strengthen business and economic ties and reciprocal clearing between the states of the CIS, the economic regions and the enterprises and to render practical aid to the labor collectives with regard to problems of improving material-technical support, stimulating conversion, and increasing the output of consumer goods, so as to save the maximum jobs and prevent mass unemployment.

A program of population employment will be adopted in February. Proposals have been submitted to the Belarus Republic Supreme Soviet concerning concessional taxation on profits which enterprises use to create new jobs and expand output. It is deemed essential not to permit mass layoffs of workers in state enterprises unless advance work has been done to find jobs for them and the trade unions have been notified. It has been decided that it would be wrong now to establish legislatively the lockout as a means of combatting strikes. The government is submitting to the Belarus Republic Supreme Soviet for 1993 proposals which call for:

favorable crediting of conversion and other economic programs to develop sectors of the national economy, in the amount of 3 billion rubles;

the retention of state subsidies for agricultural enterprises and the financing of purpose-oriented programs of the agroindustrial complex, allocating at least 30 billion rubles (versus 7.1 billion in 1992).

In first quarter of 1993, present prices on basic types of bread and milk will be retained.

Financial resources are to be used for dating [Russian *datirovanie*] staple foods and communal services in order to keep their prices and rates at acceptable levels.

In consideration of the fact that the Belarus Republic Supreme Soviet has set the minimum wage at 3,000 rubles as of 1 January 1993, the government and the

Council of the Federation of Trade Unions have agreed to set the wage rate of the first category at 3,600 rubles. In order to maintain pensioners' living standards, the coefficient of increase of minimum pensions has been set at 1.25 times the minimum wage. Persons who receive income from budget sources are to be compensated for at least 70 to 75 percent of losses due to rises in consumer prices.

The Council of Ministers has deemed it necessary to index people's deposits to two times and will submit the appropriate proposals to the Belarus Republic Supreme Soviet in January 1993. The government will implement measures to compensate people's losses by increasing interest rates on deposits.

On the basis of proposals by labor collectives and trade unions, the government has submitted to the Supreme Soviet proposals to reduce the rate of the value added tax, to eliminate this tax on kolkhozes, sovkhoses, and other agricultural enterprises, and to reduce real estate taxes.

It has been deemed necessary to continue collaborative work on further improvement of taxation.

In consideration of actual circumstances, it has been deemed necessary to draw up a national program to satisfy people's need for housing. For 1993 plans call for maintaining state capital investments in housing construction at the current year's levels. Plans call for almost doubling the amount of individual and cooperative housing construction.

For next year plans call for channeling 4.8 billion rubles from the republic budget into housing for military servicemen and those discharged to the reserves; and from local budgets, 7 billion rubles, primarily for persons registered on preferential lists. 3n3

The draft budget calls for channeling 2.3 billion rubles into compensating housing construction cooperatives for additional outlays, including compensation to reserve military servicemen, also preferential crediting for them.

The Belarus Republic Council of Ministers and the Council of the Federation of Trade Unions of Belarus deem it necessary for local Soviets of People's Deputies to basically satisfy citizens' need to be allocated land plots for the construction of individual housing, orchards and gardens, by 1 May 1993.

The government is making a special study of the problem of stepping up efforts against crime in the republic. Among the measures to be implemented along these lines, militia units are to be set up in January 1993 to work in the credit-finance and tax services; and in the first quarter of next year, cadres of services directly involved in combatting organized crime and corruption will be substantially increased.

The Council of Ministers and the Federation of Trade Unions of Belarus deem it necessary to enhance the role

and responsibility of state and business organs in regulating labor and social-economic relations and stepping up collaboration with the trade unions.

The two sides deem it necessary to hasten the preparation and conclusion of a general agreement, sectorial rate/tariff agreements, and collective contracts.

[Signed] Chairman of the Belarus Republic Council of Ministers, V. Kebich

[Signed] Chairman of the Federation of Trade Unions of Belarus, U. Hancharyk

[Dated] 18 December 1992.

### Need for Railroad Fare Increase Argued

934K0174A Minsk VECHERNIY MINSK in Russian  
19 Jan 93 p 2

[Interview with Vladimir Mikhaylovich Bokhan, chief economist of Belarusian Railroad, by correspondent V. Pavlovich; date and place not given: "Railroad Impasse"]

[Text] When the price of tickets in motor transport soared, people appreciated the republic railroads because their fares were much lower. Unfortunately, this did not last long.... Commuter and long-distance fares doubled recently—more precisely, on 8 January.

Was this an effort to stay in step or a grim necessity? The questions of a VECHERNIY MINSK correspondent were answered by Chief Economist of the Belarusian Railroad V.M. Bokhan in the presence of Deputy Chief G.V. Brichkina of the Finance and Economics Bureau.

[Pavlovich] Vladimir Mikhaylovich, there was a report at a recent press conference in the Council of Ministers that you were finishing the year with a healthy profit. That is why we hoped that you would not be in a rush to raise the fares again. However....

[Bokhan] We were not in a rush. In general, we were always behind the other railroads in the CIS in this respect, and then we had to catch up with them. If you have been to Moscow, for example, you know that the return trip ticket you bought there cost much more than the ticket you bought here. This was quite lucrative for speculators.

Incidentally, the lag I mentioned also applied to freight costs. Whereas our rates are 132 times as high as they were in 1989, in Russia they are 264 times as high, and the prices of all types of services in the stations there are also prohibitive.

[Pavlovich] Yes, but 132 is also an impressive figure....

[Bokhan] Of course it is, but what else could we do when our losses in passenger transport reached 2 billion rubles last year and are expected to reach 18 billion this year for various reasons, primarily the dramatic rise in the cost of fuel, energy, and materials and the need to increase wages? If we had not earned a profit from the higher freight rates, we would have been on the verge of total ruin.



[Pavlovich] Does this mean we can hope that you, unlike the people in motor transport (where all of them are autonomous operators), will continue to juggle these profits?

[Bokhan] We have no other choice. The problem, however, is that the economic crisis and the disruption of economic ties between the republics has reduced the volume of rail freight. It recently dropped to half or one-fourth of its previous level. There is nothing to ship, and this means that there is no way to cover losses.

[Pavlovich] Nevertheless, you made a profit last year.

[Bokhan] Yes, but mainly on paper. After the freight has been sent and the documents have been processed, the profit is recorded, but this is not the same as real money. I repeat, this is invisible money. It is sad but true that the nonpayment of bills by our clients has become a real problem. Judge for yourself: Moscow—more precisely, the former Ministry of Railways—owes us 4 billion rubles, and republic enterprises owe us a billion and a half, but we have had to ask the bank for credit....

[Pavlovich] Does this mean that you will be in a rush to catch up with the rate hikes in motor transport?

[Bokhan] Taken as a whole, their rates are 25 times as high as they were, but ours are only 18 times as high. After they had lost their passengers, they began banging on the doors of the Department of Prices and demanding an increase in rail fares.

[Pavlovich] But there is a limit to anything.

[Bokhan] That is true. Even after the latest increase, our passenger fares were still only one-ninth or one-tenth the cost of fares in motor transport. You can see that this is a sizable difference, but we are also completely self-supporting and cannot exist without making a profit. After all, in addition to everything else, we have to use these funds to build and maintain housing, schools, pre-school establishments, clinics, hospitals, and so forth.

[Pavlovich] Yes, your competitors in motor transport no longer make references to air fares when they hike up the prices of their tickets and are saying nothing about their efforts to reduce the overhead costs of travel.

[Bokhan] A few days ago we were instructed by the railroad administration to reduce overhead costs in all areas of operation and all elements of expenditures by 30 percent this year. In addition, the order also included this provision: "Chief V.I. Galejev of the Minsk branch of the railroad will raise standards in the social sphere, including housing construction, by 50 percent of the projections for the fourth quarter of 1993." This is not merely a provision; this is our strategy for survival. We see a chance for additional reserves in the further development of ancillary and commercial operations, such as freight forwarding, expediting, and declaration services, the repair of rail cars on enterprise contracts, and others.

[Pavlovich] What can our readers who ride the electric streetcars expect (in the way of ticket prices)?

[Bokhan] The operation of commuter trains is known to be particularly unprofitable. Expenditures are incomparably higher than receipts. Naturally, a rise in ticket prices is inevitable, but it has to be within reasonable limits.

...In conclusion, I would like to discuss one aspect in greater detail. Many of us probably know that the Belorussian Order of Lenin Railroad was the undisputed leader for many years in the Union in technical equipment and traffic control, and today all of this belongs to the Republic of Belarus, but the railroad administration has decided to economize by minimizing overhead costs. In particular, the repair shops in the car barns in Baranovichi, Krichev, and Zhlobin have been closed, and the volume of repair work in general has been reduced by a third. It is easy to judge the effects of this on the state of rolling stock. Meanwhile, the prices of rolling stock are rising rapidly. Whereas a diesel train from the Riga plant cost a million rubles the day before yesterday and 100 million yesterday, today the price is already around 200 million, and it is possible that tomorrow a diesel train, an electric streetcar, or even a simple rail car will have to be paid for with foreign currency. After all, we do not produce them ourselves. We have to buy all of them from nearby or distant foreign countries. For this reason, we wonder whether today's plan to economize on overhead costs might result in the kind of fare increases that are unimaginable today.

*P.S. When this article was being edited for publication, there was a report that commuter fares would double on 15 January.*

## **Belarus Efforts to Prepare for 93 Crop**

### **Concern over Fall Tillage Lags**

934K0289A Minsk BELORUSSKAYA NIVA in Russian  
27 Oct 92 p 3

[Unattributed article: "Customary Confusion With Fall Tillage"]

[Text]

### **Current survey of Ministry of Agriculture and Food of Belarus Republic**

Less and less of the warm period remains and the agricultural farmers of the republic still have a lot of work to do in order to complete the agricultural year. In addition to the harvesting of sugar beets, food tubers and vegetable crops much remains to be done in the tillage of the land. Everyone knows that plowing for winter fallow in the fall not only destroys weeds, but also diminishes the strain of tilling the soil for spring sowing.

Therefore the good managers began plowing for winter fallow back in early fall then cultivating for bastard fallow which is important because of the shortage of herbicides.

At the same time a significant number of rayons, kolkhozes, and sovkhoses did not hurry with the plowing as a result of which only 67 percent of the plan of plowing for winter fallow was completed. Interruptions in the supply of farms with fuel and lubricants and spare parts for tractors and soil-tilling implements, of course, constituted a serious impediment. Most of the farms, however, do have both fuel and spare parts but they regard fall tillage as something of secondary importance.

The best periods for fall tillage were missed in the Kamenetskiy, Gorodok, Krupskiy, and Soligorsk rayons as well as in an entire series of rayons in Mogilev Oblast. The plowing rate in the republic is low at present as well. If the farms continue working at such a pace the Brest Oblast will need 35 days to complete the work, while the Vitebsk Oblast—27, Gomel—17, Grodno—15, Minsk—28, and Mogilev Oblast—40 days.

Delays with fall tillage do not permit the cultivation of soil for bastard fallow: in the republic it has been done only on a fifth of the area plowed for winter fallow. The situation is even worse in Vitebsk and Mogilev oblasts and these are the oblasts with extensive cultivation of flax. Very little work on bastard fallow has been completed in Brest, Ivanovo, Stolinsk, Mostovskiy, Borisov, Myadel, and Smolevichskiy rayons and in half of the rayons in Vitebsk and Mogilev oblasts.

Such a situation requires that special attention be devoted to fall tillage in the time that remains. The tractors have now been freed after other operations. They must be immediately put to use for plowing. It is necessary to remember that deep hoeing is an important technique starting in the fall for improving the fertility of

the soil, particularly that which is water-logged or eroded. Much can yet be accomplished before the frosts set in if all of the available rippers and alkali spreaders are put to use.

### Seed Availability Assessed

934K0289B Minsk *BELORUSSKAYA NIVA in Russian*  
24 Nov 92 p 1

[Unattributed article: "Villagers, What Is in Your Graneries?"]

[Text]

### Current Survey of Ministry of Agriculture and Food of Belarus Republic

Winter still lies ahead but the agricultural farmer is already preparing for spring sowing. In the republic as a whole it is necessary to have 371,000 tonnes of seeds of spring cereal and leguminous crops in the main fund along with 54,400 tonnes in the reserve fund. In addition to that it is essential to stock 7,300 tonnes of fiber-flax seeds and 13,300 tonnes of perennial grass seeds.

It should be noted that this year was favorable for the formation of seed funds with high sowing qualities literally for all crops. Data of the republic State Statistical Committee indicates that most of the farms in the republic provided themselves with seeds of their own production and are successfully conducting additional processing.

Unfortunately today the republic as a whole still lacks 3,400 tonnes of seeds of cereal and leguminous crops and 500 tonnes of fiber-flax seeds.

### Information on Quality of Seeds for Spring Cereal and Leguminous Crops at Kolkhozes and State Farms of the Republic as of 15 November 1992 (Percent of Plan)

	Brest	Vitebsk	Gomel	Grodno	Minsk	Mogilev
Spring cereal and leguminous crop seeds tested	81	78	66	78	63	81
Available certified seeds	76	73	62	77	59	76
Including first-class seeds	45	33	37	54	34	33

The state of affairs developed in a particularly unfavorable fashion with the supply of seeds at farms in Mogilev Oblast where six of the oblasts are short 420 tonnes of oats, while eight rayons are short 720 tonnes of leguminous crop seeds. There is a shortage of fiber-flax seeds at farms in Vitebsk and Minsk oblasts, which are, correspondingly, short 330 and 158 tonnes of seeds of that crop.

At the same time the seed-growing farms and the experimental bases of the republic have an adequate supply of highly productive and superior quality seeds of all cereal crops. It is necessary to immediately organize their purchase and delivery to fully satisfy the needs. There are cases, however, when farms and entire rayons adjust stocking plans decreasing them, primarily where it pertains to leguminous crops.

In the republic as a whole 14,100 fewer tonnes of leguminous seeds were stocked than last year. Then what is to be used to sow the fodder areas, particularly if it is taken into account that the prospects are highly uncertain with regard to the acquisition of corn seeds. With regard to leguminous seeds the farm specialists must also take into account two more circumstances. First of all, their delivery from outside the republic is not anticipated. Secondly, a preliminary test for germination indicated that almost every fifth tonne is unsuitable for sowing. That is for the republic as a whole, while in Mogilev Oblast—every second tonne and in Vitebsk Oblast—every third tonne fall in that category.

Farms in Gomel and Minsk oblasts are lagging behind with the processing of seed funds—a third there still requires processing.

The sowing qualities of seed funds acquire particular significance to the future harvest with the overall shortage of material resources. To ignore that peculiarity today means a production shortfall next year.

#### **Seed Availability, Quality Discussed**

934K0289C Minsk BELORUSSKAYA NIVA in Russian  
24 Nov 92 pp 1-3

[Unattributed article: "What the First Test Revealed"]

[Text]

#### **Current review of Ministry of Agriculture and Food of Belarus Republic**

The first test of seed funds for spring cereal and leguminous crops for sowing quality is nearing completion. What do we have?

Compared with last year's indices the situation has improved somewhat: we have five percent more certified seeds, and almost ten percent more first-class seeds. This, however is "on the average." Further details indicate that a fifth of the farms, which amounts to at least 500, do not have a single centner of the highest grades and close to another hundred have less than 30 percent. Vitebsk and Gomel oblasts each have 100 farms without first-class seeds while Mogilev Oblast has 150.

The situation is even worse with sowing indices of leguminous seeds: every fifth tonne is unsuitable for sowing and only every third tonne is of a higher quality. Of the nongrade seeds 5,900 tonnes, exactly one half, are blind. Only Grodno Oblast has 91 percent certified leguminous seeds, whereas at others it varies from 69 percent in Mogilev to 80 percent in Vitebsk oblasts.

In previous years there was more room to maneuver in replacing unsuitable seeds and they were also cheaper, while the seed-growing farms extended more help to the rank-and-file farms. At present, however, due to diminished demand the production of seeds was sharply curtailed by the seed-growing farms—by 18,000 tonnes, practically by one third. Their quality, also, is far from what is desired. At seed-growing farms of Vitebsk, Minsk, and Mogilev oblasts less than 60 percent are first-class seeds, which is almost the level existing at the rank-and-file kolkhozes and state farms.

The experimental bases have somewhat better resources—more stock seeds were produced there than even last year. At bases in the Vitebsk, Gomel, and Minsk oblasts all of them, as required, are of the highest category, but in Brest Oblast eight percent are nongrade, six percent of that because of diminished germinating power.

In the situation that formed the existence of significant reserves of stock seeds can not only fail to exert a

positive influence on the seed-growing process, but prove to be burdensome to the experimental bases themselves. Because of high prices for stock seeds and the lack of cash at the kolkhozes and state farms the demand for them decreased sharply. Here is a concrete example. Three to four years ago over 26,000 tonnes of winter crop stock seeds were sown in the republic while this fall 18,100 tonnes were sown, i.e. the area sown with stock seeds shrank by one third. This spring the "Zhodino" experimental base was forced to seek buyers of stock barley seed among breweries. Sensing new difficulties certain bases are today already taking care of their production which was in very short supply only yesterday, but is no longer wanted today, by processing it into combined fodder.

Grain receiving enterprises have more seed for spring sowing than last year. All that was tested, with the exception of Gomel Oblast, is quality standardized, but by comparison with last year there is not too much of the higher grades of seed.

Cleaning of flax seeds is being carried out more actively and double the amount was tested for sowing quality as compared with last year. The quality, however, just as in all of the recent years, is not outstanding. Some 58 percent of the total amount tested in the republic was certified seed.

Processing is being delayed by some flax seed-growing stations. In Minsk and Gomel oblasts three-quarters of the seed material was tested, whereas in Vitebsk oblast—30 percent, and in Mogilev—only 8 percent.

The quality of flax seeds tested is better than in kolkhozes and state farms, 90 percent are certified seeds, whereas only 22 percent are first-class.

A fourth of the available seeds of perennial grasses was tested by seed testing services and 62 percent meet their sowing specifications. The quality is lower in Gomel, Brest, and Minsk oblasts. Kolkhozes and sovkhoses should display a more attentive attitude toward preparation of perennial grass seeds since the interfarm enterprises prepared 5,200 tonnes less of them than last year. As indicated by analyses, the quality of the prepared seeds is low—30 percent of the seeds do not quite meet sowing conditions.

In connection with the difficulties that are developing in provision of the republic with corn seeds all of their available reserves should be taken into account. Almost all of them were retested by the testing services and, as it turned out, they possess high germination power—92 percent are certified seeds.

Many of the important questions pertaining to work with seeds were resolved but much remains to be done. At present this is one of the principal concerns of the grain grower.



**Information on Seed Quality of Spring Cereal and Leguminous Crops, Perennial Grasses, and Flax in Kolkhozes and State Farms of the Republic as of 1 December 1992 (Percent of Plan)**

	Brest	Vitebsk	Gomel	Grodno	Minsk	Mogilev
Availability of certified seeds for spring cereal and leguminous crops	93	95	81	98	74	96
Including those for leguminous crops	74	74	51	88	50	30
Availability of first-class seeds for spring cereal and leguminous crops	57	47	51	70	45	39
Flax seeds tested	27	37	—	32	43	37
Including Certified seeds	15	22	—	21	20	18
Perennial grass seeds tested	37	28	22	23	25	26
Including certified seeds	19	21	10	17	13	16

## KAZAKHSTAN

### Edict on Temporary Import Customs Tariff

#### Text of Edict

934K0234A Alma-Ata KAZAKHSTANSKAYA PRAVDA  
in Russian 1 Dec 92 p 1

[Republic of Kazakhstan Presidential Edict: "On the Republic of Kazakhstan Temporary Import Customs Tariff," signed by Republic of Kazakhstan President N. Nazarbayev in Alma-Ata on 28 November 1992]

[Text] For purposes of further improving the system of state regulation in the sphere of foreign trade, effectively realizing the republic's import policy, and increasing the state budget revenues received from foreign economic activity, I hereby decree:

1. That the Republic of Kazakhstan Ministry of Finance, in accordance with the Republic of Kazakhstan law, "On Customs Tariffs and Duties," shall within a month's time submit to the Republic of Kazakhstan Cabinet of Ministers a draft of the Republic of Kazakhstan customs tariff, along with proposals for the creation of a Republic of Kazakhstan Customs-Tariff Council.
2. That until the adoption of the Republic of Kazakhstan customs tariff, a temporary import customs tariff for the Republic of Kazakhstan shall be ratified and introduced into effect as of 1 December 1992 (appended).
3. That the duties specified by the Republic of Kazakhstan Temporary Import Customs Tariff shall be established in percent of the customs value of the imported goods and paid in rubles, with re-computation of the customs value of the goods according to the ruble exchange rate established by the Republic of Kazakhstan National State Bank on the day of customs formulation, or in hard currency, at the discretion of the importer.
4. That the import customs duty shall be paid by all importers.
5. That physical persons shall pay the import customs duty in accordance with the temporary statutes on the procedure for shipping goods and other objects across the customs boundary of the Republic of Kazakhstan in non-trade circulation.

Any change in the value of the quota on duty-free import of goods in non-trade circulation shall be performed by the

Republic of Kazakhstan Ministry of Finance in cooperation with the Republic of Kazakhstan Ministry of Foreign Economic Relations, and depending on the level of supply of the domestic consumer market and the status of the republic budget.

6. That the Republic of Kazakhstan Ministry of Finance shall provide for the collection of customs duties in accordance with the temporary import customs tariff of the Republic of Kazakhstan, and their entry into the Republic of Kazakhstan budget in a timely manner and in full volume, including also for postponed payments on goods imported and submitted for formulation in the established procedure by the customs institutions of the Republic of Kazakhstan in 1992.

Postponements in payment of customs duty are granted by customs organizations for a term of no more than 30 days, and only with secured property or guarantee of an authorized bank.

7. That the introduction, repeal and amendment of all types of customs duties, including in non-trade circulation, shall be performed by decision of the Republic of Kazakhstan Cabinet of Ministers upon presentation by the Republic of Kazakhstan Customs-Tariff Council or the Republic of Kazakhstan Ministry of Finance.

8. That the Republic of Kazakhstan Ministry of Foreign Economic Relations and the Republic of Kazakhstan Ministry of Finance, in conjunction with the Republic of Kazakhstan Ministry of Foreign Affairs and the Republic of Kazakhstan National State Bank shall, within a month's time, submit for approval of the Republic of Kazakhstan Cabinet of Ministers the following drafts:

- on the procedure for establishing, repealing and amending import customs duties and the list of institutions and organizations which are to be exempted from their payment;
- on the procedure for granting most favored status in customs policy within the framework of the appropriate interstate agreements by the Republic of Kazakhstan.

#### Rates

934K0234B Alma-Ata KAZAKHSTANSKAYA PRAVDA  
in Russian 1 Dec 92 p 2

[Schedule of rates for Republic of Kazakhstan temporary import customs tariff]

[Text]

#### Temporary import customs tariff

Name of goods	Commodity nomenclature codes used in foreign economic activity	Rates (in percent of customs value)
Movie cameras	900711, 900719	3
Projectors	900721, 900729, 900810, 900820, 900830	3
Personal computers, their components, parts and accessories	8471, 847330	3
Automotive accessories	392630, 401310, 681310, 700711100, 700721910, 700910, 830230, 840731-840790, 840820, 840991, 840999, 8511 (except those used in civil aviation), 851220-851290, 854430900, 8706-8708	6

## Temporary import customs tariff (Continued)

Name of goods	Commodity nomenclature codes used in foreign economic activity	Rates (in percent of customs value)
Autocosmetics	3402, 3403, 340530, 340540, 34590	6
Automotive tires	401110, 401120, 401210900, 401220900, 401290	6
Tapemeasures	910780100	2
Electronic instruments	8508, 8515	2
Monitors	852810600, 852820100	2
Calculators	847010, 847021, 847029	5
Trucks	8702, 8704, 8705, 8716	1
Passenger automobiles	8703	2
Motorcycles and motor scooters	8711 (except for 871110)	1
Facing plates	6907, 6908	2
Sanitary-technical products	3922, 6910, 7324, 741820, 750800900 (sanitary-technical products only), 761520, 790790 (sanitary-technical products only)	1
Wine and vodka products	2204-2208	4
Cognac	220820	13
Whiskey	220830	13
Gin	220850	13
Cigarettes	240220, 240290	5
Carpeting and rug products	group 57	1
Including:		
tufted*	570320, 570330, 570390	9
Coats, mens and childrens (except for leather and fur)	610110100, 610120100, 610230100, 610290100, 620111-620119	3
Coats, women's	610210100, 610220100, 6102300100, 610290100, 620211-620219	3
Suits (including outfits)	610311-610329, 610411, 610429, 620311, 620329, 620411-620429	1
Pants (including jeans, breeches and overalls with bib and strap)	610341-610349, 610461-610469, 620341, 620343, 620349 (except for 610341900, 610342900, 610343900, 610349900), 620342, 620462, 620342, 610331-610339, 610431-610439	2
Sportcoats	610331-610339, 610431-610439	3
Leather clothing	420310	5
Fur clothing	430310, 4304	5
Coats and halfcoats from mink, opossum and raccoon pelts	43310900	21**
Other clothing	620441-620459, 6116, 6117, 6205-6211, 6303, 6212-6214, 6209, 6216	1
Tricot, for outerwear and underwear	610441-610459, 6105-6114	3
Hosiery-stocking goods	6115	3
Woolen throws (including blankets)	630120	2
Haberdashery	6215, 6217, 5807-5810	6
Textile lace	580410	1
Metallic clothing fasteners, including zippers	8308, 821420, 7319, 911320, 732690100	6
Shaving benches and replaceable heads for shavers	8212	4
Lighters	9613	5
Leather haberdashery	420231, 420291, 420321-420340	1
Bags and suitcases, leather	420211100, 420211900, 420221, 420291, 420299	2



Temporary import customs tariff (Continued)		
Name of goods	Commodity nomenclature codes used in foreign economic activity	Rates (in percent of customs value)
Bags and suitcases, synthetic leather	420219910, 420219990, 420229	1
Refrigeration bags	841869990	1
Plastics haberdashery	391620, 9660621, 961511, 960719	1
Bags and suitcases, plastic	392321, 392329, 420212500, 420292110, 420292190	1
Other haberdashery goods	7009 (except for 700910), 7117 (except for goods made of cupronickel [German silver])	1
Umbrellas	6601	6
Footwear	6401-6405	1
Dishware, porcelain and china	6911	12
Dishware, metallic	(7114 (dishware only), 7323 (except for 732310), 741810 (dishware only), 750800900 (dishware only), 7615 (dishware only), 8007 (dishware only), 810890900 (dishware only), 821191, 8215	2
Products made of cupronickel	7417, 7418, 7419, 7117, 8215 (of cupronickel), except for 821510100, 821520100, 82159910, 821191 (of cupronickel)	3
Clocks, mechanical and quartz	9101 (except for 910112, 910119), 9102 (except for 910212, 910219), 9103 (only mechanical or quartz), 9104 (only mechanical or quartz), 9105 (only mechanical or quartz)	2
Electronic watches	910112, 910119, 910212, 910219, 9103-9105 (only with optical-electronic or combined indication)	4
Furniture	841891, 845240	3
Brush products	9603	1
Magnetic tape on reels	8523 (except for 852320, 852390), 8524 (except for 852410, 852490)	10
Sewing machines	8452 (except for 845230, 845240)	1
Refrigerators	841810, 841821-841829	2
Bicycles and mopeds	8712, 871110, 9501 (bicycles only)	1
Cameras and lenses	900610-900659, 900211, 900219	4
Photo and projector accessories	900691, 900220	2
Thermoelectric heaters, water heaters	851610	2
Electric irons	851640	1
Coffeemakers	8511671	2
Multi-purpose kitchen appliances	850980	1
Fireplaces	851621, 851629	1
Mixers, juicers, coffee grinders	850940, 8210	1
Floor waxers, vacuum cleaners	850910, 850920	1
Fans	851631, 851633	1
Electric shavers	8510	1
Electric knives	850980	1
Washing machines	8450	1
Freezers	841830, 841840	3
Movie camera accessories	900791	2
Projector accessories	900792, 900890	2
Household electrical lighting fixtures (including fixtures for crystal chandeliers)	940510, 940520	2
Portable electric flashlights	8513	2

## Temporary import customs tariff (Continued)

Name of goods	Commodity nomenclature codes used in foreign economic activity	Rates (in percent of customs value)
Thermoses	9617	1
Hardware goods	8301, 8302	1
Bathroom accessories	3924 (except for 92410)	1
Sporting goods and hunting equipment	930320, 930330, 930621, 930629	1
Tennis balls	950661	2
Tennis rackets	950651	2
Tennis nets	950699900	3
Radio receivers	852719, 852729, 852732, 852739, 852790	3
Spinning reels	950730	2
Lures	950730900	2
Fishing line, hooks, fishing kits	950720, 950790	4
Fishing rods	959710	3
Handicraft and artisan goods	9601-9602	1
Electronic games	950410	5
Video and audio cassettes	8523 (except for 852320, 852390), 8524 (except for 852410, 852490)	10
Drafting and office supplies	3922610, 4816, 4817, 481960, 4820, 901710, 901720, 901780, 9611, 9612, 731700100, 401692, 821410, 3506	0.5
Fountain pens	960810, 960831, 960839, 960850	2
Ballpoint pens	960820	2
Musical instruments	group 92	1
Films	3706	1
Slides and filmstrips	3705	0.5
Phonograph records	852410	0.5
Radio electronic equipment not specified in this list	8525 (except for 852530), 8526, 901420	7
Televisions	8528	7
Television accessories	8529	2
Tape recorders	8520 (except for tape decks)	5
Compact tape players	851991	5
Receiving apparatus for radio-telephone communications	8527 (except for 852719, 852729, 852732, 852739, 852790)	5
Stereo tape players and automatic tape players	..	7
Record players	8519 (except for 851940, 851991, 851999)	5
Equalizers	851840	5
Amplifiers	851840	5
Video recorders	8521	10
Video cameras	852110310, 852530910	10
Cassette and reel-to-reel tape decks	852031900 (decks only), 852039 (decks only)	5
Wallpaper	4814	2

\*Tufted carpets—machine produced carpets on an unwoven one-piece base which may be made of jute, glue, latex, plastic, or foam rubber. These carpets are distinguished by their rigidity, thickness and durability, and are generally used as floor coverings.

\*\*This rate is established only on goods made of the indicated type of fur. Goods made of the fur of other animals classified under this section are taxed at the rate established for the section entitled "fur clothing."

## UZBEKISTAN

### **Uzbek Envoy to Russia on Transition to Market Economy**

934K0253A Moscow DELOVOY MIR in Russian  
29 Dec 92 p 8

[Interview with Uzbek Envoy to Russia, Yu. N. Abdullayev, by Yuriy Galimov under "Uzbekistan Business World" rubric: "Yusuf Abdullayev: Khush Kelibsiz!"]

[Text] The Russian Federation has become the first state where the Republic of Uzbekistan has opened an embassy. This fact is worthy of note because the Commonwealth states, especially Russia, continue to remain Uzbekistan's chief economic partners.

**DELOVOY MIR correspondent Yuriy Galimov speaks with Yu. N. Abdullayev, Republic of Uzbekistan extraordinary ambassador plenipotentiary to the Russian Federation.**

[Galimov] Yusuf Negmatovich, you, figuratively speaking, are the "middleman" between the heads and governments of two Commonwealth member states. What kind of future prospects bind Uzbekistan to the Commonwealth?

[Abdullayev] Our republic consistently speaks out in favor of preserving and strengthening economic ties with all the republics of the former union. After all, the bulk of the volume of goods delivered to Uzbekistan comes from Commonwealth countries, with whom our enterprises and consumers have long-standing ties that can be counted in decades. Yes, and our republic sends the bulk of what is produced here to Commonwealth countries. For example, we deliver over a third of the cotton fiber produced in Uzbekistan to Russia, alone. And it is from Russia that we receive the greater portion of the products we need—lumber and saw-timber, oil and so on. So Uzbekistan is in favor of preserving the Commonwealth of Independent States.

[Galimov] The Oliy Mazhlis (Supreme Soviet) recently adopted a new Constitution. How is Uzbekistan's economic structure characterized in this basic law?

[Abdullayev] I can even quote it: "The basis of Uzbekistan's economy, oriented towards the development of market relations, is property in its various forms." The laws of the republic guarantee freedom in economic activity, business and labor, with consideration of the priority of consumer rights, equality and legal protection for all forms of property, including private. Incidentally, in accordance with the Constitution's requirements, certain laws will be corrected and new ones will be adopted, including laws having to do with the economy and business.

[Galimov] As I. Karimov, president of Uzbekistan, has emphasized more than once, the republic has its own method of carrying out market reforms. However, the opinion does exist that in using this method, Uzbekistan is orienting itself on the "Turkish model"...

[Abdullayev] Nobody is planning to copy any sort of model for the establishment of market relations in Uzbekistan. Studying the experience of countries that have built market relations in recent decades and utilizing that experience with consideration of the specific qualities of our republic is another matter. Let's say, we might be able to adopt something useful for Uzbekistan from the experience of South Korea, Malaysia, Turkey, Japan, the developed countries of Europe.

In a word, Uzbekistan is building a market economy, using the experience of countries from all over the world, and attracting potential investors to work with us under mutually advantageous conditions. The republic's laws give a "green light" to foreign companies and firms that wish to invest their money in Uzbekistan's economy. They are granted extremely significant privileges in the payment of taxes, in selling their products and services, and in the use of currency earnings, and they are given reliable guarantees of the safety of their invested capital. These guarantees are also corroborated by the fact that Uzbekistan has been accepted into the International Monetary Fund, the World Bank, and the European Bank of Reconstruction and Development...

[Galimov] Incidentally, about finances. Many of the Commonwealth countries have already put their own banknotes into circulation. Will Uzbekistan follow their example?

[Abdullayev] Frankly speaking, we are already technically prepared to issue our own, republic banknotes. Moreover, we are able to back up their worth with gold mined in the republic. However, first of all, the national currency must be, of course, backed up with goods manufactured in Uzbekistan, and the volume in which it is issued must be no less than the volume of products imported into the country. And right now, the republic is still forced to import almost 60 percent of the goods it needs from outside. Yes, and the experience of several former union republics in introducing their own money tells us that in saying goodbye to the ruble, you don't say goodbye to economic and financial problems. So for now, Uzbekistan remains in the ruble zone.

[Galimov] Which branch of the republic's industries has the best prospects from the point of view of legislative privileges and subsequent income?

[Abdullayev] The processing of agricultural produce and the manufacture of food products, the production of construction materials and light machinery for the needs of farming establishments. Taking advantage of the occasion, I would advise DELOVOY MIR's readers to be bold in cooperating with our enterprises and organizations, with Uzbekistan's businessmen. Our republic is open to everyone who is looking for mutually advantageous cooperation. Khush kelibsiz! Welcome!



### Aviation Production Association Successes Highlighted

934E0051A Moscow *DELOVOY MIR* in Russian  
23 Jan 93 p 8

[Article by Akhat Kashapov and Yuriy Galimov, "Business Press" journalist agency in Tashkent: "Unemployment Does Not Threaten the Aviation Giant"]

[Text] Over the entire area of the CIS, there is a decline in production. In 1992 the reduction in volume of industrial production in Uzbekistan comprised approximately 9 percent. Undoubtedly, this is a negative indicator. However, in the states neighboring Uzbekistan the situation is much worse. For example, in Kazakhstan the decline in production comprised approximately 16 percent. In Turkmenistan it was 24 percent, and in Tajikistan the situation is generally catastrophic.

And yet, on the dark background of general economic crisis there are some bright and encouraging glimmers. These are seen in the industrial associations and enterprises which are managing not only to retain the stability of production, but also to increase the volumes of product output. In Uzbekistan one such enterprise is the Tashkent Aviation Production Association (TAPA) imeni Chkalov. Here the growth of production (by volumes of product output) for last year comprised around 9 percent.

Recently the collective of the TAPA imeni Chkalov celebrated an anniversary—the enterprise had been in operation for 60 years. Therefore, we will allow ourselves a short excursion into the past. Today this association is called an aviation giant, but it was "born" under a humble name—Plant No 84. The plant appeared under this registration number in 1932 in the little town of Khimki near Moscow, where it began the manufacture of transport aircraft. The plant's first "swallow" was the ANT-9 aircraft. Then they began to manufacture fighters here, developed in the design buro of Nikolay Polikarpov. Among the test pilots of these craft was also the renowned Valeriy Chkalov. After the tragic death of the courageous test pilot, the plant was named in his honor.

And then the Great Patriotic War came. The plant's collective and the production equipment were hastily evacuated to Tashkent. From that time on, aircraft building emerged as one of Uzbekistan's economic sectors.

Since the war, the aircraft builders of Tashkent have been actively working with the design buro of Ilyushin, Antonov, Kamov, and Konstantinov, manufacturing thousands of series-produced aircraft: The Il-14, An-8, An-12, An-22 ("Antey"), and the Il-76 in various modifications. In recent years the "aviation cargo planes" of model Il-76 MD have been in particular demand. They are popular not only in the countries of the Commonwealth, but also far beyond its boundaries.

Today the aircraft manufactured in Tashkent are exported to tens of countries around the world. The association's products have been demonstrated at

numerous international aviation exhibits. Specifically, TAPAiCh is already a traditional participant in the aviation exhibits in Le Bourges, Vancouver, and Singapore. Tashkent aircraft have been exhibited in the "Farnborough-92" aerospace exhibit, where the Il-78 attracted the attention of visitors. This aircraft is interesting in that the designers have provided for the possibility of rapid conversion of the aircraft into a standard (cargo or passenger) Il-76, as well as into a special airplane for extinguishing fires or into a refuelling aircraft. Moreover, the widebody Il-76 may be assembled in the "space" and "medical" variants. The models Il-76K and Il-76DKP are intended for training cosmonauts and conducting space experiments under conditions of weightlessness. At the same time, the Il-76MD serves as the base model for the mobile hospital "Scalpel"—a flying operating room and resuscitation clinic.

It is impossible to build airplanes without broad and multilateral cooperation. The Tashkent aircraft builders have economic and production ties with almost 2,000 enterprises in the Commonwealth countries. Let us take, for example, the world aviation recordholders—"Ruslan" (An-124) and "Mriya" (An-225). The wings and propulsion section of the fuselage of these giants are manufactured in Tashkent and transported on the "shoulders" of the powerful "Antey" to aviation enterprises in Russia and Ukraine. We might add that today it is no secret that many parts and certain assemblies for the multi-use spacecraft "Buran" were also made here at the Tashkent Aviation Plant.

Today, in the framework of cooperation with the Design Buro imeni Antonov (Ukraine), TAPAiCh is making wings for the new An-70 aircraft, whose design broadly utilizes composite non-metallic materials. The An-70 is a transport plane, a high-wing aircraft capable of transporting large-scale cargo and landing at airports of any class, including dirt airstrips. The craft is equipped with four economical prop-ventilator engines and by its usable load indicators represents a variant between the Il-76 and the An-12 aircraft.

Cooperation is also developing with the Design Buro imeni Ilyushin, for which TAPAiCh continues to remain the main production partner. Recently the Chkalov associates put a new passenger aircraft, the Il-114, into the air. This is a medium-range aircraft, a reliable and comfortable plane equipped with two turbo-prop engines with reduced specific fuel expenditure. The aircraft is suitable for operation in any climatic conditions. The Il-114 will come to replace the outdated and technically obsolete Yak-40 and An-24 aircraft.

The modernization of the Il-76 design will also be continued. Soon it will be produced with lengthened fuselage and equipped with the new economical PS-90 engine. As a result, the load capacity of the craft will increase, the fuel expenditure will be reduced significantly, and the safe flight range will be increased by hundreds of kilometers.

However, TAPAiCh is engaged in building more than just airplanes. The association figures also in the list of the largest producers of TNP [consumer goods] in the republic. The Chkalov workers produce washing machines, catamarans, baby carriages, pedal automobiles, grill hoods, sets of dacha [summer house] furniture, sanitary-technical equipment and many other things—over 50 titles of goods. Moreover, a general design bureau has been created, which takes market conditions into account in developing new types of consumer products. It even has its own company store, "Antey," which sells consumer goods produced at TAPAiCh and its branches located in Fergan and Andizhan.

The association encourages inventive and innovative activity in every possible way. Thus, during the third quarter of 1992 alone, around 600 innovative proposals

and 10 inventions were utilized in production, whose introduction yielded an economic effect in the sum of over 3.5 million rubles (R).

In short, today TAPAiCh looks like a flourishing oasis. It is true that this prosperity is achieved through great effort. It is a considerable feat, in spite of the overall disintegration of economic relations and a devil-may-care attitude toward contract responsibilities, to be able not only to preserve but also to develop partnership ties! The portfolio of the Chkalov workers is packed full of orders (including also from consumers in distant foreign countries). There is enough work to last for at least 10 more years. So that unemployment is not threatening the TAPAiCh collective. Today the Tashkent Aviation Production Association is among the small group of the republic's enterprises which still have help wanted advertisements hanging in the foyer.

**Telephones of TAPA imeni Chkalov: (3712) 33-72-02, 32-14-83.**

## ARMENIA

**Causes of Armenia's 'National Tragedy' Analyzed**

934K02394 Moscow NEZAVISIMAYA GAZETA  
in Russian 3 Feb 93 p 3

[Article by Armen Khanbabayan under the "Opinion" rubric: "Myth Making As a Cause of the National Tragedy: Current Armenian Problems Are Only Natural"]

[Text] The current situation in Armenia is the most difficult among all the post-Soviet states. The many years of confrontation with Azerbaijan accompanied by transportation and fuel blockades have reduced the once flourishing republic to a miserable state. According to official statistics, the Armenian economy has fallen back to the level of 1972. The economic slide is even more noticeable in social and everyday life affairs. The general standard of living in the republic is six to seven times lower than that of Russia. The worst part is that the continuing conflict around Nagorno-Karabakh does not allow for any optimism in the future, and the degradation continues downward. The opposition blames everything on the incompetence and corruption of our authorities. But the lumpen part of our population is growing in numbers due to unemployment, and tends to use the change in social structure and the newly acquired independence to explain its dire state. The latter circumstances, by the way, also enhance the activity of quasi-communist organizations. Meanwhile, the truth lies in the fact that the current situation in Armenia is quite natural. In many ways it was preordained by the republic's geopolitical position and by history, as well as by ideological myths in this regard.

The essence of the first myth is that the Armenian nation is a consistent and natural ally of Russia in its endless struggle with the Islamic world and Turkey in particular. This myth came into being during the last century, when the Russian empire was very actively playing the Armenian card in the process of its expansion into Asia Minor to pursue its own interests. However, it was during the Soviet period that textbooks and officially recognized historical novels miraculously transformed the imperialist policy of the tsarist regime into the Russians' attempt to liberate the Orthodox Armenians from Muslim oppression. The Soviet regime cautiously encouraged anti-Islamic and anti-Turkish sentiments, thus diverting the people from anti-Soviet feelings; but the authorities tried very hard not to overdo it. Hence, for instance, the punishment and persecution of the organizers of the Yerevan street rallies of 1965, which marked the 50th anniversary of the Armenian massacre in the Osman empire. But on the other hand, it was right after those events that Moscow allowed a monument to the victims of the tragedy to be erected, and the annual act of commemoration was elevated to the level of an official ritual. Therefore, it is not surprising that the inspirers of the Nagorno-Karabakh movement started their activity feeling quite sure of inevitable Russian

support. Meanwhile, the Kremlin sustained their illusions while having absolutely no intention of giving the area away to Armenia. For instance, the Politburo passed a secret decree which assessed the Yerevan and Stepanakert rallies as evidence of "extremism." Starting with Sumgait, the Soviet MVD [Ministry of Internal Affairs] internal troops were always "late" arriving at the sites of Armenian pogroms, and they evicted Armenians from their residences in Nagorno-Karabakh. But at the same time, the party barons issued public appeals to "find a just resolution of the problem within the framework of the Constitution."

This position adopted by Moscow bred confusion in Armenia, which increased after the new Russian democratic government showed no serious intention of correcting the aftermath of the former unpredictable and willful actions concerning the sphere of ethnic relations. Armenians started to understand that times had changed, and it became simply dangerous to continue serving as the "sword and shield of Christianity" in the region. This gave rise to another myth, but of an opposite direction. In essence it says that Turkey became a European power a long time ago and is now hankering to forget the dramatic heritage of the past in the relations between the two nations while showing every support to Armenia. This myth did not last long because in reality Ankara demonstrated its obvious support for Azerbaijan. It has become clear that the establishment of truly normal and neighborly relations cannot be done as fast as many people used to think.

The third myth disappeared at the same time; it proclaimed that Armenia may count on the support of Georgia, a country of the same faith, even in the most difficult times. Tbilisi showed very openly that it preferred relations with Baku. This was obvious from the Georgian participation in the gas blockade of Armenia and also in Georgia's sales of combat planes to Azerbaijan.

Myths, however, continue to appear. Another one is being carefully fashioned at present, one about close relations with Iran, which will rescue Armenia and lead it down the road to happiness; however, the "stagnant" leaders of the republic do not want to see this, and therefore Armenian-Iranian contacts are not as fruitful as they could have been. Everything is wrong here. Official Yerevan is extremely interested in good-neighbor relations with Tehran and does all it possibly can to strengthen them. Iran would also like to reinforce bilateral relations, but it is proceeding extremely carefully. They understand well in Iran that, given the conditions of the continuing Armenian-Azerbaijani war, too warm relations with Armenia may cause complications for both their foreign and domestic politics. For this reason, implementation of this myth will evidently have to be postponed until better times.

Thus, persistent myth making has become a cause of the national tragedy in Armenia because it leads to unrealistic hopes and can even provide a basis for political decisions. At the same time, the mass conscience is



becoming more and more ideological as people learn to look outside and not inside for the reason for their suffering as well as for the possibility of avoiding it. This is very dangerous because it intensifies the image of an enemy together with the psychology of living in a besieged fortress. Instead of opening up to the world with feelings of goodwill, people become convinced of their own inferiority and increasingly desire to overcome it by force. Therefore, even if tomorrow brings peace and the end of the blockade, true national revival can begin in Armenia only after all the destructive myths disappear, along with the causes that brought them into being.

### **Father Views Ter-Petrosyan's Background, Political Thinking**

934K0068A Yerevan HAYK' in Armenian 21 Nov 92  
p 3

[Interview with Hakob Ter-Petrosyan by Narine Mkrtchyan: "'To Be Levon's Father Is Happiness For Me'"]

[Text] It was my first visit here, but I felt as if I had been to this house 10, 20, or even 100 times. The purpose of my visit was to interview Hakob Ter-Petrosyan, father of the president of the Republic of Armenia. And as is the case at every Armenian home, we could not avoid the topic of politics, especially since all of us (the parents were being visited by their oldest son Telman and their daughter Iskuhi) were predisposed to this topic. Despite his advanced age (H. Ter-Petrosyan is 85 years old), I was surprised at the clarity and expanse of his mind, his unbiased assessment of facts and, as his wife Azatuhi put it, his ability unconditionally to believe in and to assess people. You will definitely see this after reading this interview.

[Mkrtchyan] During our last conversation the president confessed that he visits you only infrequently. Do you consider this normal or does it bother you?

[Ter-Petrosyan] I consider it perfectly normal. I know that if it were possible, he would visit more often.

[Mkrtchyan] And when you see each other, do you discuss politics?

[Ter-Petrosyan] Politics and only politics. Both before and now we seldom ever discuss routine everyday matters.

[Mkrtchyan] A year ago, when he was being elected president, did you, a man of rich life experience, imagine those difficulties that would weigh down on his shoulders? Or did everything seem much easier?

[Ter-Petrosyan] In my opinion, the most important attribute and the most difficult thing for the presidential office is patience, and God has given him patience. He was a sharp child, a smart student, and a gifted scholar. Both during those years and today, as president, he continuously studies. He is not as quick to act as in the past; today he is more cautious—he is more of a president today than he was one year ago. During his last press conference he was more a president than a regular person, because more than just brains, a president needs

the ability to endure. Thanks to these characteristics, he will be able to overcome the difficulties he encounters.

[Mkrtchyan] What feature of his character would you say hinders him as a president?

[Ter-Petrosyan] He lacked the experience needed to perform the functions of president. But thanks to his abilities, he is quickly acquiring that experience, and that is making him more cautious.

[Mkrtchyan] In what characteristics does he differ from your other children?

[Ter-Petrosyan] In my opinion he differs by brilliance of intellect.

[Mkrtchyan] Is it easy to be father to a president?

[Ter-Petrosyan] I don't know whether it is easy or difficult to be father to a president, but being Levon's father brings happiness to me.

[Mkrtchyan] Is he a submissive son?

[Ter-Petrosyan] Submissive? If he were I would throw him out. We have had different opinions, but we have not had fights. He is a humanitarian to the depths of his very being. Levon's and my political views have also coincided.

[Mkrtchyan] Coincided? You are a staunch Communist, while your son is one of those who fought against the communist society and system and in the end overthrew it.

[Ter-Petrosyan] Communism for me has been an ideology for defense of rights both of the individual and those of nations. I have been against the Communist ideological propaganda for assimilation of nations, while I have been an advocate of peace between nations, of internationalism. I have been against the Stalinist concept of Russification of nations. I entered the arena of political struggle because justice is very important to me, and the most just idea for me is the communist idea. My understanding of what a communist society is differs from yours. Armenian Communists were hirelings (those who were the exception did not play a determining role). A true communist society did not exist in Armenia.

[Mkrtchyan] What do you think of all those accusations brought by the opposition against the president of the republic? Do you by any chance agree with them? And, finally, is the opposition helping or hindering him?

[Ter-Petrosyan] I told you earlier that Levon has the ability to learn from experience. And that criticism is helpful to him. Precisely from the standpoint of acquiring experience. But if criticism marks the threshold of a rebellion, a conspiracy, it should be condemned. Every leader needs criticism. The criticism does not bother me. It upsets my daughter Iskuhi. But I consider it to be perfectly natural. There cannot exist a president without opposition. This is understandable, since the more responsibilities you have, the more you will be criticized.

[Mkrtchyan] In your opinion, what is the greatest accomplishment and what is the most serious error of omission in the policies and actions of the president?

[Ter-Petrosyan] The greatest accomplishment is the multiparty system, democracy and, for the president personally, the acquisition of patience. Errors of omission of course have objective causes. The negative is that until we are able to produce new cadres, the government is forced to depend on the old ones. And it is difficult to create new cadres with old cadres who are not very trustworthy. Hence the largest problem both for the government and our society is lack of cadres.

[Mkrtchyan] Have you ever thought about who surrounds your son? Are you acquainted with those around him?

[Ter-Petrosyan] I am acquainted with his close associates. They are serious, dedicated, humanitarian lads. I know Vano, Babken, and Husik well. I trust them 100 percent. They, as well as the others, were not fighting for Levon, but for the common cause, for the common idea.

[Mkrtchyan] Presently the president of the republic, and the government in general, are frequently blamed for democracy being transformed into anarchy, that in fact no true authority exists. In your opinion is that a natural process for a republic becoming democratic, or is it that a lack of authority is being felt?

[Ter-Petrosyan] Both when Communists were in power and today, there has not been anarchy. A year to a year and a half ago, however, there was a weakening of authority of course, when our government could not rule the streets; the street was given over to the anarchists, the betrayers of duty, and the thieves. Anarchism, however, is gradually being done away with. And now, even though social difficulties have grown, safety of life is guaranteed. The authorities today are much stronger, since our streets are peaceful and our homes are safe.

[Mkrtchyan] What is your attitude toward the president's personnel policy? Do you consider mistakes made in this domain to be natural?

[Ter-Petrosyan] Any president can at times see unforeseen results with his personnel policy. You might greatly trust a certain individual, while that person may not justify your trust. The president cannot pull cadres out of thin air. He must choose from what is available.

[Mkrtchyan] What is your assessment of the Karabakh Movement and, in general, what are your views on settling the fundamental Karabakh issues?

[Ter-Petrosyan] I have been part of the Karabakh Movement from the very beginning. The movement must continue. The armed struggle in Karabakh also must continue. If we want peace, we must know how to fight. If we do not struggle, an enemy will totally ignore our position. Only those people are heeded who are capable of fighting. At the present time there is evidence of a defeatist mood. I am against that. In my view the defeatist preachings of Ashot Bleyan on the one hand

and the Dashnaksakan demands on the other are two extremes which we should not accept. Defeatism, whether it is in the name of Christ or Mohammed, is the enemy of peoples.

[Mkrtchyan] The splitting of the Karabakh Committee, unfortunately, is a fact. When comrades in arms parted ways, how did you take this?

[Ter-Petrosyan] That split had both objective and subjective causes. That was the childhood period of the Movement. That split appears to be disappearing with time. The Movement is becoming more mature. As time progresses, the Movement becomes coalesced with the people; it is not being extinguished as many had thought. Party antagonisms also are abating. Even though it is contrary to the desire of certain persons, today the people and parties understand each other better than six months ago. Our people today are more unified than the Russian people, the Georgians, or the Azeris.

[Mkrtchyan] Can you characterize L. Ter-Petrosyan during the Karabakh Movement and now?

[Ter-Petrosyan] Levon cannot be separated from the Movement. Levon was with the Movement and is with it today.

[Mkrtchyan] The president is currently being accused of distancing himself from the people. Do you accept this accusation and, in general, what can be done to further strengthen his bond with the people?

[Ter-Petrosyan] I don't see any change either in the person of Levon or in his policy. Levon remains the same as he was four years ago. The bond between the people and the president cannot be mechanical; as concerns the spiritual bond, that exists always.

[Mkrtchyan] What is your opinion on whether the HHSh [Armenian National Movement], as a political organization, can be a support to the president?

[Ter-Petrosyan] I believe that Levon would be a bad president if he were in discord with the Movement he nurtured. Levon's strength is also determined by being of like mind with the HHSh. Faith is of importance: if Levon leaves the HHSh, he will become a non-believer. And a non-believer can only find a place in hell.

[Mkrtchyan] There also exists the opinion, however, that the president must stand above the party.

[Ter-Petrosyan] The president should not lead party policy; he should carry out a policy which benefits the entire people. It is true that parties have their own party interests, however, and let us not forget that the president cannot be party-unaffiliated. He must be party-affiliated.

[Mkrtchyan] As a man whose family is from Musa Lerh [Armenian name of Musa Dagh], what is your attitude toward policies being carried out by Armenian authorities with Turkey?

[Ter-Petrosyan] Whether we are powerful or weak, we are neighbors with Turkey. And one must establish

normal relations with a neighbor. That is a necessity for us. Patriotism does not mean sowing hatred toward one's neighbors. That is nationalism, and nationalism is narrow-mindedness.

[Mkrtychyan] And which trait in our national collective character do you consider to be the most valuable?

[Ter-Petrosyan] The dominant national characteristic among Armenians is a striving for democracy.

[Mkrtychyan] In your opinion are our people sufficiently devoted to their leader? What I am getting at is the sense of nationhood.

[Ter-Petrosyan] The sense of nationhood among the people is gradually and strongly emerging. It is understandable that for us, who have not had a political nationhood for centuries, a new feeling of nationhood is going to appear now. The four years of the Movement proved that our people has nationhood thinking. This thinking is still at an embryonic stage, but it is there.

[Mkrtychyan] How do you see Armenia's tomorrow?

[Ter-Petrosyan] If our government can pursue a correct policy vis-a-vis our neighbors, and if we can live in peace for the next 10 years, Armenia will become the most prosperous, the most progressive country in the Transcaucasus.

[Mkrtychyan] What wish do you have for the president of the republic?

[Ter-Petrosyan] I would wish the president of the republic more democratic thinking, more patience, more inspiration in his work, and more faith in the abilities of our people.

...

**Author's Note:** As we bade each other farewell, my companion, who knew this family very well and had known them for a long time, commented that "Levon will come here more often. It is the best possible way to meet the people."

I cannot disagree with that thought.

#### **National Telephone System Upgrades Outlined**

934K0066A Yerevan YEREKOYAN YEREVAN  
in Armenian 13 Nov 92 pp 1-2

[Unattributed article, published under the heading "Courier": "AT&T International Telecommunications Network Is Slated for Expansion"]

[Text] A Noyan Tapan correspondent interviewed Robert Harutyunyan, deputy minister of communications of the Republic of Armenia, requesting that he elaborate on the operation of Armenia's new long-distance telephone system which was installed last October, operating on the basis of a switch facility provided by the U.S. corporation AT&T. Harutyunyan stated that this system is operating beautifully compared to our other telephone facilities. All AT&T costs were fully recovered in the first year of operation, and at the

present time the facility is operating at a profit. Payment for the use of telephone services is done in hard currency, at a rate of from 3 dollars to \$3.50 per minute. Settlement of accounts with AT&T is carried out in dollars. Fifty percent of payment for each minute goes into our republic's coffers, while the remainder goes to AT&T. Each month a lease fee of 10,000 dollars is paid to the corporation for use of the Intelsat satellite. Of the 500 numbers allocated by AT&T to the Republic of Armenia, only 100 are communications subscribers. These are for the most part joint ventures, embassies, and business people. The deputy minister especially noted the fundamental matter of the inability to pay on the part of the citizens of Armenia. There has been established an option, however, for a phone call to be billed directly to the United States. A "Direct-Dial America" service, which enables all phone subscribers in the Republic of Armenia to direct-dial the U.S., went into operation effective 1 November. When authorized by the called party at the U.S. end, the call is billed to that party. According to Harutyunyan, revenues are divided according to an ascending scale (based on the number of minutes a call runs) on calls billed to or originating abroad. Incoming calls comprise 90 percent of the traffic, with outgoing calls comprising 10 percent. Robert Harutyunyan also told the Noyan Tapan correspondent that in the very near future it is anticipated that when the "Risl" system comes on line, the AT&T telecommunications network will expand by 500 numbers, which will increase the number of subscribers, will improve the quality of voice transmission, and will make it possible to put 25 long-distance-service pay phones into operation. Direct service between Yerevan and Paris went into operation in April 1992. The Republic of Armenia Ministry of Communications is planning to make it possible for other European countries to make phone calls to Armenia via France. "It is our goal to provide assured telephone service between Armenia and all countries in which Armenians reside," said R. Harutyunyan.

#### **Legal Expert Views Juvenile Crime Problem**

934K0066B Yerevan AZG in Armenian 27 Nov 92 p 3

[Interview, published under the heading "Upbringing," with Robert Papazyan, chief of the department overseeing law enforcement in juvenile cases of the Office of the Public Prosecutor of the Republic of Armenia, by Armine Ohanyan: "Whose Job is It to Deal With Juvenile Crime?"]

[Text] Crime has soared at an unprecedented rate in Armenia. The reasons for this are complex, rooted in the critical state of the economy. While poverty is the mother of crime, we should not forget that imprudence is its father. But simply listing the reasons and registering our helplessness in crime prevention will not improve our republic's crime situation. Efforts to halt the growth of crime and to reduce the number of crimes committed must start with the proper upbringing of our young people, with putting a halt to their criminal "imprudence." We turned to Senior Legal Adviser Robert



Papazyan, chief of the department overseeing law enforcement in juvenile cases of the Office of the Public Prosecutor of the Republic of Armenia, to inquire about work being done with juveniles.

[Ohanyan] Mr Papazyan, let us begin with the state of juvenile crime in recent months. A few statistics will help the reader comprehend the current state of affairs.

[Papazyan] We never had a major problem with juvenile crime: in that area we were in the most favorable situation on the territory of the former USSR. The number of crimes committed were so few that our colleagues in the other republics used to joke about it, saying that our department could be eliminated because of lack of work. Today, however, the picture is different. Against the general background of growth of crime, juvenile crime has increased dramatically. For the sake of comparison, let me cite a few figures: during the first nine months of 1991 there were 211 cases of juvenile crimes recorded, while during the same time period in 1992 there were 276 cases (to begin with, in 1991 a considerable growth in crime was noted compared to previous years). In other words, the number of crimes committed grew by 65, or by 30.8 percent. There was a growth in specific types of crimes: for example, during the first nine months in 1991 there were 44 cases of property theft, with 115 in 1992; that is a 161.3-percent increase. A 33.3-percent increase in cases of hooliganism cases was recorded. There has been an increase in gang crimes with involvement of juveniles: 52 cases in 1991, and 93 in 1992—that is, a 78.8-percent growth. The overall numbers are as follows: during the first nine months of 1991, crimes were committed by 275 juveniles, while for the same period in 1992 the number is 347, that is, a 24.7-percent growth. In the past we hardly ever had cases of juveniles committing murders or rapes. Now we do.

[Ohanyan] In your opinion what are the reasons behind juvenile crime?

[Papazyan] If we set aside the social crisis and other major problems and reflect upon those questions which are manageable and directly connected with work performed with youths, I must state the following: a child's upbringing begins at home and continues at school. It is the strong family ties, the existence of traditions which have until recently kept youths from engaging in criminal activities. Today, other than within the family, nothing is being done—and this means by the schools—in the area of child and youth upbringing. They are being served up superficial knowledge and nothing else. Pioneer and Komsomol organizations, various organized groups, gatherings, task assignment, patron relationships, etc., which existed in the past have been done away with. It is true that they were mostly phony, but at least they accomplished something and had some influence. Extended-day groups no longer function. Extracurricular activities and formalized study hall have been replaced by 45-minute recesses. Children have literally been left to the streets. In addition to all of this, if we add the increase in problems of job placement of juveniles in

connection with the growth of general unemployment, everything will become very clear. Even though, pursuant to Article 206 of the Law on Employment, 0.5-1.0 percent of jobs at factories must be set aside for minors, this is not being observed. Hence the growth of juvenile crime by youths not attending school and unemployed: from 58 incidents during the first nine months in 1991 to 106 in 1992; that is, an 82.7-percent growth.

[Ohanyan] What about government agencies which deal with youth and youth affairs? What are they doing in this regard?

[Papazyan] This is the most painful question. The commission on juvenile affairs attached to the Council of Ministers, which used to organize and provide methodological assistance to local commissions dealing with juvenile affairs, was abolished three years ago. We have been asked on numerous occasions to reinstate it. Recently a meeting was held with Minister of State Grigor Areshyan, a meeting which, however, proved fruitless. The juvenile commissions attached to local executive committees are still functioning. After all, it is not only through means of punishment that we should combat juvenile delinquency. It is necessary that a juvenile feel that attention is being paid to him, that he understand that respectable persons are watching over him, that in time of necessity they will respond, will punish, will call in the parents, will compel restitution of damage to society. In addition, at the Housing Operations Office there were children's rooms and attendant personnel. Along with restructuring of the Housing Operations Office, these also were eliminated. The other component was the juvenile affairs units which used to operate under the auspices of internal affairs agencies, units which are now defunct.

[Ohanyan] Have they abolished those too?

[Papazyan] Yes, by order of Minister of Internal Affairs Vano Siradeghyan on 1 September 1992, the components dealing with juvenile affairs were abolished. It is formally articulated in the order that they "do not correspond to the principles of waging a productive struggle against crime." It is true that at one time we also noted the fact of their inactivity, but we were totally opposed to their abolishment. It was necessary to determine the reasons behind the inactivity and to eliminate these causes. One of the reasons was the fact that these components served as a career starting point for persons with law training. The solution in my opinion was to attract young women with training in the field of education into this area, especially since women will work more productively and with greater enthusiasm. Thanks to the work performed by these components, in a given year 37.8 percent of juvenile offenders would be pulled out of crime. By abolishing all these components and not establishing anything in their place, it is like doing away with all sanatoria and hospitals and creating one huge public undertaking office. At the present time

they are dealing with juvenile problems on an organizationally lumped-together basis, with age distinctions. Incidentally, that is not the way it is done in the rest of the civilized world.

[Ohanyan] Can you give us the current figures on number of juveniles charged with crimes?

[Papazyan] Two hundred and three persons were prosecuted in 1991; 134 of them received punishments other than imprisonment. These include both compulsory labor and postponement of punishment. We have repeat juvenile offenders, however, the number of whom has increased by 23 percent over the previous year. This is a very disturbing fact.

[Ohanyan] You are implementing oversight of investigation of juvenile cases. At one time we had written about thefts from the Mergelyan Experimental Factory as well as about the arrest of suspects in this case. Five of the persons arrested were juveniles. In connection with these juveniles, it was reported to us that during the investigation abusive methods were employed and that there occurred serious violations of legal procedure. We were unable to verify these charges. The handling of juvenile crime prevention has now changed, and complaints have increased. The five accused juveniles have now repudiated their original statements and are demanding that the case be reinvestigated. What can you say in connection with this case?

[Papazyan] The investigation of this case is not completed yet. Therefore I cannot give you any details. We have also been receiving complaints about unlawful investigative procedures. This case is presently at the center of attention of the public prosecutor's office. The case was recently discussed at a meeting with Mikayel Grigoryan, first deputy senior prosecutor of the Republic of Armenia. By order of the first deputy prosecutor, the investigation in this case has been transferred from the city internal affairs directorate to the city public prosecutor's office. The latter has been specifically instructed to investigate the abusive methods which were used, facts pertaining to violations of legal procedure, and to call the responsible parties to account.

## AZERBAIJAN

### New Coordinating Council Established

934E0136A Moscow TRUD in Russian 19 Feb 93  
Evening Edition p 1

[Interview with Abbas Abbasov, deputy prime minister of Azerbaijan, by Tunzale Kasumova in Baku; date not given: "A Look at the Situation—We Cannot Pull Out of the Abyss Alone"]

[Text] The politicians of many republics of the former USSR are still not stopping to search for new symbols of independence from the "imperial center," and the managers of state and private enterprises are trying in some way to halt the slump in production that is caused in many ways by the breakdown in ties between labor

collectives that have ended up on different sides of the border. But is it mandatory that sovereignty be paid for by a reduction in production? Obviously, it is not. This is indicated by the first rather timid steps toward integration within the framework of the CIS, the necessity for which official representatives of practically all states speak more and more frequently of late. How is this process viewed in Azerbaijan. A special nonstate organ—a coordination soviet—has been set up under the Cabinet of Ministers of the republic. We asked its chief, Deputy Prime Minister of Azerbaijan Abbas Abbasov, to talk about its activity.

[Kasumova] Mr. Deputy Prime Minister, it is easy to understand the objective of establishing the new organ. Nevertheless, how, specifically, did the break in production and economic ties turn out?

[Abbasov] I will cite only one indicator. The volume of industrial production for nine months of last year in Azerbaijan decreased by 2.3 percent. When you consider that, in the opinion of the economists, the economy starts to collapse when there is a 30-percent drop in the level of production, it is easy to imagine how serious the situation is. Moreover, the situation in individual branches is even worse than in the republic as a whole. For example, in the chemical industry, which was more integrated in the former Union economy than other branches, the drop in production by the end of 1992 was not less than 60 percent of last year's level. Things are a little better in light industry, machine building, construction, agriculture, and in a number of other branches.

The nature of this phenomenon, I will say frankly, is disastrous for all of the former Union republics and is the same everywhere: the failure of even one link will lead to a break of the entire chain with which the economy of the former USSR is tied. In former times, while central planning existed, the mechanism of mutual deliveries at least worked. But as soon as there was a collapse of the distribution system, under which everyone perhaps got something—not without difficulty—everything came to a standstill. Under the new conditions, the enterprises, separated by the borders of the sovereign states, were not in a condition to carry out their contractual obligations because of objective reasons. This is why an urgent need arose to establish structures like our soviet that coordinate interregional production relations.

[Kasumova] The soviet, for the time being called a coordinating soviet, will in time be transformed into an organ that will once again begin to dictate to the producer what to produce and to whom to deliver?

[Abbasov] Cooperation with us is a matter that is strictly voluntary. If it is unprofitable to the entrepreneur who has already tasted the "sweet air of freedom," then he will not put his head into a new loop. I am generally convinced that all fears with respect to the possibility of a return to the past are rather exaggerated. Today, this is already unrealistic. Not only by virtue of economic, but also psychological factors. However, as the experience of

the last several months shows, the transition to market relations should be of a softer and more balanced nature. It is necessary to help enterprises to find partners and to establish direct horizontal ties. Today, the insolvency of enterprises and the inability to regulate questions of mutual settlements is almost the main obstacle on this path. Of course, each enterprise is not in condition to solve these problems by itself. But it is fully within the capability of such an organ as ours, which performs as if in the role of a middleman and acts on the basis of intergovernmental agreements.

For example, within the framework of agreements on mutual settlements, the Russian Government allocated credits to us of 10 billion rubles [R], the commodity coverage of which will make it possible for Azerbaijan to import an equivalent sum in necessary products from Russia. "Roskontrakt" and the Ministry of Material Supply of Azerbaijan, which engage in the implementation of this operation as middlemen, were able to sign contracts with specific enterprises and departments. As a result, after delivering oil equipment, galvanized pipes, air conditioners, refrigerators, and agricultural products to Russia, Azerbaijan will be able to receive timber, metals, building materials, consumer products, and other products, for which it has a critical need. The next step, obviously, will be the introduction of a clearing system; that is, a noncash system of accounts in the payment of interstate debts, which, without an organ similar to ours, is rather difficult.

[Kasumova] In former times, the selection of subcontractors who were separated from each other by thousands of kilometers was a common occurrence. Is it necessary now to reestablish relations and to follow old state plan routes?

[Abbasov] Considering the monopolization of our economy, it is not always possible to avoid renewing deliveries according to previous addresses, and, indeed, there is not always a need for this. But variants are possible, and I have already said that we are assisting in the search for the most profitable partners. It is not ruled out that they may be across the street, but that the enterprises do not even suspect this. For example, for many years we transported epichlorohydrin wastes for the needs of Baku enterprises from Bashkiria, although there was quite enough of them right nearby—in Sumgait. In its turn, the Sumgait enterprises received salt—moreover, contaminated with radiation—from Ukraine, when, without difficulty, they could have used the ecologically pure salt from the Caspian Sea. It is astonishing that such a situation, despite the breakup of the USSR and the powerful disintegration process, continues to the present time.

Naturally, we will try to correct such defects, which are incompatible with market laws. These laws today persuasively indicate the need to expand cooperation between all of the republics of the former USSR. Speaking frankly, I do not believe much in the reality of assistance from abroad. I am profoundly convinced that we should not expect the flow of foreign capital until

times arrive that are more favorable and safer for investors. This means that we will have to go through the most difficult and agonizing stage of the formation of a new economy by relying on our own forces and by supporting one another.

### **Foreign Minister's Plan on Nagorno-Karabakh**

934K0236A Moscow NEZAVISIMAYA GAZETA  
in Russian 30 Jan 93 p 3

[Article by Aydyn Mekhtiyev, under the "Azerbaijan" rubric: "Tofik Gasymov's '120 Days'"]

[Text] **Azerbaijan—The Azerbaijan minister of foreign affairs is offering a plan for a settlement of the Nagorno-Karabakh conflict.**

The Azerbaijan Minister of Foreign Affairs Tofik Gasymov has announced that a round of consultations is expected to be held in Rome on 22 February, which will include representatives from Azerbaijan, Armenia, Turkey, Russia, and the United States. According to Gasymov, the Azerbaijani side should offer the following items to be discussed at the meeting:

1. Withdrawing Armenian troops from Azerbaijan's Lachinskiy Rayon.
2. Holding a ceasefire for a 120-day period.
3. Establishing sites for the accommodation of international observers whose main task will be to monitor the adherence to the ceasefire agreement.

The head of the Azerbaijan foreign policy agency has warned that only after Armenia complies with these three demands can it become possible to hold the Minsk conference on Nagorno-Karabakh, under the auspices of the CSCE, which is expected to discuss the status of Nagorno-Karabakh. Tofik Gasymov's statement makes it clear that the expected Rome meeting will not simply be an extension of consultations among the 11 members of the CSCE Roman group on Nagorno-Karabakh that were suspended last fall. The point is being made that Russia, the United States, and Turkey are influential countries capable of guaranteeing security in the region and they can help to achieve a certain progress in settling peacefully the Armenian-Azerbaijani conflict. So far, Minister Gasymov's statement has not made it clear what Armenia's reaction may be to the offer of a meeting in Rome.

The Azerbaijan Government insists that the economic sanctions against Armenia should be continued until it stops all military actions on Azerbaijani territory. The position of the Turkish Government in this respect is also of interest. On 28 January, President Elchibey received in Baku Turkish Ambassador to Azerbaijan Altan Karamanoglu. The Azerbaijani leader once again emphasized the irrationality of supplying electric power from Turkey to Armenia. However, Ankara was seriously disconcerted by an announcement made by Armenian Prime Minister Khosrov Arutyunyan. He declared that in case Turkey continued to refuse supplying electric power to Armenia, the Armenian nuclear power station



that has been shut down for all this time could go out of control and present the threat of an ecological disaster in the region. However, Turkey has announced so far that any supplies of electricity to Armenia are not possible due to technical reasons.

**Problems Experienced With Natural Gas Supply**

934K0236B Moscow LESNAYA GAZETA in Russian  
19 Jan 93 p 3

[Article by M. Pichkhadze, LESNAYA GAZETA correspondent: "Even Though the Production Drop Is Slowing Down"]

[Text] Baku—Even though Azerbaijan, with its well-developed industry, slowed the drop in production last year by 2.4 percent of the republic budget, this is still far from sufficient. Experts see an urgent influx of investments into the heavy industry as the way out of a difficult situation.

Natural gas presents a special problem for the republic. A possibility exists that this year the republic will have to buy it from Turkmenistan, at prices higher than the world level. This might happen in spite of the fact that an intergovernmental agreement for 1993 was signed last year. According to the agreement, over 4 billion cubic meters of gas should be supplied at \$80 per 1,000 cubic meters. Kazakhstan and Uzbekistan are forcing Turkmenistan to raise the price because the gas pipeline goes to Transcaucasia through their territories. They also demand dollar payments for the transit of gas.

**Problems Between Lezghin, Azeri Peoples Viewed**

934K0251A Moscow ROSSIYSKAYA GAZETA in Russian  
27 Jan 93 p 7

[Interview with Idayat Orudzhev, adviser to the President of the Azerbaijan Republic on Inter-Nationality Relations, by Arif Useynov, ROSSIYSKAYA GAZETA correspondent in Baku; date not indicated: "The Samur Has Two Shores"]

[Text] Idayat Orudzhev, adviser to the President of the Azerbaijan Republic on Inter-Nationality Relations, analyzes the problem of the interrelations of the Lezghins and Azeris which has been under discussion recently in some organs of the press.

[Orudzhev] With the collapse of the communist empire the eagerness of the peoples of the Caucasus to restore and revive ethnic independence is quite natural and explainable. I don't see anything wrong in this. Specifically, all the conditions for complete ethnic self-expression are being created for the national minorities and ethnic groups in Azerbaijan: education in the native language, the development of culture, the publications of newspapers, etc. The rights and conditions are guaranteed by presidential edict and the republic's constitution. Let's bear another thing in mind: it's not our fault that the totalitarian regime permitted distortions. History and culture, along with inter-nationality relations, were adapted to Bolshevik doctrines and theory. It is also no

secret that in ethnic self-expression the Azeris felt no better than representatives of other peoples, including the Lezghins.

The democratic leadership of Azerbaijan is shovelling aside heaps of problems, but why do, as for the democratic leadership of Russia, the mistakes of the totalitarian system pile up for it? One should remember the common fate of the Caucasian peoples. Any one of them, even within the boundaries of a specific autonomy, does not exist in the Caucasus by itself—only in the spiritual and historical community of the Caucasian ethnic group (ethnos). This is an indivisible whole. Those who attempt to disengage their people from this community and to isolate it by a boundary, barriers and barbed wire are acting rashly. An instructive example is the tragedy of Karabakh.

Representatives of the parliament and government of Azerbaijan and of Dagestan meet every one and a half to two months within the framework of Russian-Azeri relations. An agreement on keeping the borders "clear" has been reached. Otherwise both Azeris and Lezghins living along both shores of the Samur would have found themselves cut off from one another. All in all a catastrophic situation would have developed for all the peoples of the Northern Caucasus and Azerbaijan. The ethnic nests woven many centuries back in this region are not subject to frontier regulations. The Samur has two shores and they are connected by reliable bridges—for the life and for the continuation of the age-old ties of practically all the ethnic groups of the Caucasus.

To the honor of the Russian parliamentarians who, together with their Azeri colleagues at the "round table," discussed questions of Russian-Azeri relations, the "problem of Lezghistan" received from them an unequivocal appraisal: such problems are not discussed outside of the jurisdiction of the state structure of the Russian Federation. That is how it was officially announced to the Lezghin envoy from Dagestan. The Samur continues its slow course, carrying its freezing flows from the mountains and is not about to begin to boil.

The Samurchay became a boundary river after the conclusion of the wars of conquest in the Caucasus in the 19th century and the annexation of Azerbaijan and the entire Caucasus to tsarist Russia. Not asking for the consent of the ethnic groups living here they just outlined new borders, having formed Baku guberniya and Dagestan oblast with the border along the Samurchay. In 1860 to be exact a sizeable territory populated by Azeris and Lezghins passed from historic north Azerbaijan to the newly created Dagestan. The same border was also fixed after the establishment of Soviet power.

It is simple to verify what has been said through documents of the Ministry of Foreign Affairs of the Russian Empire. However, the fact is that today we are living in different realities and are guided by principles accepted by the world community: the inviolability of territories and borders.

The Lezghin community in Azerbaijan is rather fully realizing its intellectual and ethnocultural needs. The mistakes of the Soviet system have been corrected. The Lezghin theater has been restored. The Lezghin language and literature are taught in all schools in accordance with the desire of the parents. No one forces Lezghin children to study in an Azeri school and to master the Roman alphabet—this is a purely voluntary matter. The democratic authorities of Azerbaijan do not distinguish national origin in personnel policy, although in Kusraskiy Rayon, where the majority of the population are Lezghins, Lezghins occupy the key posts.

### **Azeri Purchase of Arms From Israel Alleged**

934K0072A Yerevan YERKIR in Armenian 3 Dec 92  
p 8

[Unattributed article: "Israel Sells Modern Weapons"]

[Text] Israel has begun selling modern weapons to Azerbaijan, which for the last four years has been in a continuous state of war against Armenia in connection with Nagorno-Karabakh and which therefore needs modern weapons.

The weaponry and military equipment being transferred to Azerbaijan includes U.S.-made Stinger surface-to-air missiles as well as state-of-the-art communications equipment which is being used to facilitate communications between front-line units. It is highly likely that what Israel is doing is a matter of concern to the Armenian Government, which is searching for means to establish good relations with the Jewish State. A number of countries have refused to respond to Israel's decision to sell arms to Azerbaijan. Official circles within the Jewish State have declined to comment on the matter.

A source within the Armenian Government has stated: "The government of Armenia believes that Israel is selling modern weapons to Azerbaijan. In addition, there are both Israeli advisers and military instructors in Azerbaijan. Azerbaijani military personnel are being trained in Israel."

The U.S. position pertaining to this report is not known at this time, although it is being charged that U.S. weapons are reaching Azerbaijan via Israel. The United States is not showing any inclination to do anything substantial regarding the Armenia-Azerbaijan conflict; it has left it up to YeAHKh [not further identified] as well as to the authority of the CIS.

Sources in Washington and Istanbul report that Israel made the decision to sell weapons to Azerbaijan following a visit to Baku by former Israeli Minister of Foreign Affairs David [Kimhe]. Kimhe, who had also been an officer of the Israeli intelligence agency Mossad, had gained notoriety for his role in Irangate.

Azerbaijan's president, Abulfas Elchibey, denied the allegation that arms had been received from Israel and stated at a press conference: "We have not requested military assistance from any country. If we begin receiving such assistance from other countries, our level

of relationship with them will change. If we begin to receive weapons from Israel or the United States, Armenia would be able to purchase weapons from Great Britain or France, and the war would escalate in intensity. It is my desire to bring an end to the war."

The report of modern weapons being given to Azerbaijan is being announced at a time when Ankara and Baku, in order to prevent Iran from penetrating into the Muslim republics of the former Soviet Union, had addressed an appeal to Israel to participate in resolving issues dealing with the Caucasus and Central Asia.

At the same time, prior to the report concerning military assistance to Baku being made public, it was reported that the United States has agreed to finance Israeli economic programs in agriculture, irrigation, trade and other domains in Central Asia.

This report occurs at a time of efforts by the Government of Armenia directed at improving Armenian-Israeli relations, efforts fostered by the similarity of the historical fates of our two peoples.

With the exception of Turkmenistan, Israel has established diplomatic relations with the newly independent states of Central Asia and the Caucasus, even though it does not maintain ambassadors in all of these countries. The Muslims of the Caucasus and Central Asia, including Shiite Azerbaijan, have great hopes of developing good relations with the Jewish State.

Elchibey stated at the press conference: "We want to encourage the development of Israeli-Azerbaijani relations and invite Israeli specialists to Azerbaijan. Israel can sign treaties with us."

Elchibey adviser [Yafa Gulugade] was a member of the delegation from Azerbaijan, Kazakhstan, and Uzbekistan which visited Israel last August. During an interview given to the press, Gulugade, a specialist in Eastern Studies who in the past had served as a diplomat to Egypt and to Algeria, pointedly stated: "I told Perez that the radicals are seeking to spread their influence. They are spending money, organizing Islamic congresses. In the meantime the West is dozing on, waiting to see how the radical movement will develop. I told him that they must act, not merely stand by twiddling their thumbs. We must establish a fund to spread Western influence. For that we need to establish schools and colleges. We must invite people to study at your universities. The ideas I brought forth on the whole were accepted by Perez."

The Azerbaijanis are proud that they are a civilized Muslim people. They say that they were the first to adopt the Latin alphabet in place of the Arabic alphabet. They note that despite being a Muslim country, men and women have equal rights in their republic.

Many Azerbaijanis complain that because of being Muslims they are being ignored by the West. "When we were part of the Soviet Union, we were on the 'back burner,' and now, because we are Muslims, the West does not consider us worthy of attention," said one of Elchibey's

aides. "If things continue this way, and the war does not end, we shall be forced to turn to the radicals for help."

Turkish diplomats complain that their country is the only Western state working to block Iranian penetration into the Caucasus and Central Asia. These regions are at the center of Ankara's attention. "If Turkey had not taken specific steps, those countries would not have received Western aid in a timely manner. Iran is in a very aggressive mood, and Russia at the present time is too tied up with other matters to deal with this," stated one Turkish diplomat.

Turkish officials believe that Azerbaijan's Jewish community will persuade the Israeli Government to intervene more substantially in the problems of the region.

According to a number of sources, there are approximately 40,000 Jews living in Azerbaijan.

#### **Departing Russian Border Guards Harassed**

934K0257A Moscow ROSSIYSKIYE VESTI in Russian  
16 Feb 93 p 6

[Report from Transcaucasus by ROSSIYSKIYE VESTI special correspondent Viktor Romanchin: "We Are Abandoning the Border Posts, But We Cannot Leave"]

[Text]

#### **Held Hostage by Armored Equipment**

The Lenkoran Border Guard Detachment is the third one we have taken out of Azerbaijan. Unfortunately, it could not escape the fate of the other two—Nakhichevan and Gadrut. In Nakhichevan, our border troops lived through 15 nightmarish days and were forced to leave, abandoning their equipment and property, taking only personal items.

In Gadrut, an attempt was made to seize the border guard detachment with weapons. The detachment chief was held hostage by People's Front activists. Armed individuals in two BTR's [armored personnel carriers] rushed to the arms and ammunition dump. Personnel were held in the mess hall. And only the alertness of one of the border guards, who opened fire on the attackers, saved the detachment from being plundered completely.

In Lenkoran, the border guards and their families essentially were held hostage by armored equipment.

Under the agreement on the temporary status and activity of Russian border guards in Azerbaijan territory which was signed by the governments of the Republic of Azerbaijan and the Russian Federation, the equipment, weapons, and movable property are to be divided in half in the process of the border troops' withdrawal. And while the sides reached a compromise on all other aspects, a dispute developed over the armored equipment. The nine BTR-80's became the stumbling block.

The border troops would have been willing to take these powerful combat vehicles with them—after all, they would need something to guard the border with at their new post. Moreover, the detachment is being withdrawn

to Vladikavkaz, where the situation continues to be tense. The Azerbaijanis did not want to give up the BTR's. The republic is at war, and they need the armored vehicles in Nagorno-Karabakh. They even offered to buy their share of the equipment. The dispute could have been resolved. But Moscow, without going to the heart of the matter, insisted on taking all the BTR-80's. And this created a tense situation.

When we flew into Lenkoran, an echelon to set up facilities at their new station had been unable to leave for several days. The Azerbaijanis prevented this in every way possible. Major General P. Tarasenko, deputy commander of the Transcaucasus Border District, rushed between Baku and Lenkoran, negotiating with Azerbaijani Minister of Defense P. Gaziyeu and Deputy Minister of National Security I. Alakhverdiyev. Russia's ambassador to Azerbaijan, V. Shoniya, was involved in the negotiations. Finally, a result was reached and the echelon departed, but just before reaching Baku, it was blocked off. Once again the problem of the disputed BTR's came up. Distant Moscow did not want to divide them.

#### **The East Is Involved in Shady Business**

The situation became heated in the detachment. At times it seemed that the border was not a hundred kilometers away in the mountains, but here, at the detachment's headquarters and the gates of the KPP [control and check point]. Crowds of Azerbaijanis were watching our border guards' actions closely. Not one movement of equipment escaped their attention. A "tail" could be seen in the city as well. At least a tall person in a grey coat and black muffler made no secret that he was watching the movement of journalists. Officers in the border troops were ordered to carry side arms. The irritation increased each day the departure was delayed. One precedent was enough for an armed conflict to break out.

It was especially hard for the officers' families in this explosive situation. Problems arose in the shipment of effects. In order to get a container, a bribe had to be given, and in order to ship it, another bribe was required. An average of about 8,000 rubles [R] was needed. But that was not all. The customs office and the military police inspected the packed effects several times each and confiscated practically everything they wanted. Inspection of the personal effects of inducted servicemen was even more tedious.

Now and then the lights and water were turned off in the garrison. Then it became unbelievably cold. Representatives of the People's Front stood watch at the gates of the KPP even at night. Provocations started: one day representatives of the Azerbaijani side standing watch at the KPP with our border guards disarmed two officers. The conflict was settled and they returned the pistols. But a new warning followed: if the armored personnel carriers are buried in the second echelon (the first one had already crossed the Azerbaijan border by this time), the People's Front will take the people out by rail.



Surprisingly, the atmosphere beyond the unit's gates was different. The simple people we encountered at the market, in the tea room, and on the bank of the Caspian Sea, where half the city had poured out to catch fish, expressed their sincere regret that the border guards are leaving. They did not understand why this is necessary. But on the other hand, they were clearly aware that life will be harder for a simple person when the Russian soldiers leave. Certain political groups will be defining their way of life, oriented toward their southern neighbors—Iran and Turkey—from now on.

#### **The Border Troops Are Leaving, But the Problems Remain**

The withdrawal from Azerbaijan of the Lenkoran Border Guard Detachment exposed many sore points. Under the agreement signed between the Russian and Azerbaijani governments, the detachment's withdrawal is to be completed before 1 October 1993. This is sufficient time to prepare the new station for service and border operation and to divide the equipment, property and weapons in stages. The unexpected command to leave the border quickly caught the detachment headquarters by surprise.

The border troops understand the explanations that the border to North Ossetia must be closed down without delay and that the detachment may turn out to be completely isolated. But it is one thing to make a decision and another matter to implement it. The garrison on the southern outskirts of Vladikavkaz is totally unprepared to receive the border troops' families. There is no heating, the apartments have been looted, and windows are broken. In addition, the local authorities have demanded that the border troops pay R23 million for the post. Although the border troops did not receive a kopeck of compensation for leaving the well-equipped apartments in Lenkoran.

It has not been determined at all whether there will be any compensation for the property left behind and who will do the compensating. After all, just one BTR-80 costs R20.402 million. And all the detachment's property is estimated at more than R1 billion.

Now about the disputed BTR-80's to which the border troops have been held hostage for nearly two weeks. Was it worth it to make a fuss because of four or five vehicles at a time when Russia was cutting them up by the hundreds with acetylene torches to show the Americans? The Army, which is a little better off than the border troops, could have shared its equipment as well, but the lack of interdepartmental coordination runs completely counter to this.

We want to put a question to the Russian Government. Why, after signing the agreement, has it not been able to check its implementation? The border troops essentially have been left alone with their problems. Not one people's deputy, not one member of the government, not even the Russian ambassador, whose headquarters is five hours away by road, made an appearance at the detachment during the entire period of its withdrawal.

All these critical factors obviously have to be taken into account. After all, the Prishib Detachment—the last one—still has to be withdrawn from Azerbaijan. Our border troops do not have long to stay in Armenia and Georgia.

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A compromise was reached, all the same. They divided up the ill-fated BTR's. The last echelon of 68 railcars carrying the remaining property and equipment of the border detachment left Lenkoran and crossed the Azerbaijani border. The echelon included the officers' families and all the inducted servicemen. We have no more people in Lenkoran.

#### **Political Activist Denies Being Armenian Spy**

9324K0257B Moscow ROSSIYSKAYA GAZETA  
in Russian 12 Feb 93 p 7

[Report from Baku by Arif Useynov: "I Swear By Allah, I Am Not an Armenian Spy"]

[Text] The prestigious Olof Palme Prize was awarded to two prominent activists of the Helsinki Civic Assembly—Azerbaijani woman Arzu Abdullayeva and Armenian woman Anait Bayandur.

Arzu Abdullayeva, who considers the Karabakh war to be senseless, naturally does not enjoy popularity among Azerbaijan national patriots. On the contrary—every conceivable and inconceivable accusation is directed against her, despite the fact that she was one of the founders of the Azerbaijan People's Front. She left the front together with the Social Democrats, and is now deputy chairman of this party.

The young historian-scientist did not join the international human rights movement right away, but after she realized that hundreds of thousands of innocent people have become victims of political opposition, as well as outside intervention in the Karabakh conflict.

The impression was created long ago that Arzu Abdullayeva does not single out the Azerbaijanis or Armenians when she speaks about victims of the conflict. Priceless human lives are being lost—it does not matter whether they are victims of Khodzha or the Armenian Kafan. She has been the only citizen of Azerbaijan to visit Yerevan openly throughout the entire period of conflict in order to see for herself whether the Armenians really want an end to the Karabakh war.

Since that time, the rumor that she is "an Armenian spy" has been intensified. She planned to travel to Nagorno-Karabakh with Piter Dzhorman, a representative of the KhGA [not further identified], but the military turned them back halfway there, and the press accused Arzu Abdullayeva of the usual "treachery."

Now the Baku defender of human rights is earnestly devoting herself to the problem of exchanging hostages and missing persons. She is probably the first person in Azerbaijan to declare at the top of her voice that third parties are interested in continuing the Karabakh war.

You can read all about this in an extensive interview with Arzu Abullayeva; the Azerbaijani NEZAVISIMAYA GAZETA asked many tricky questions of this fascinating woman, who is principled to the point of arrogance and is not a part of the overall "opinion system." One of the questions asked was: who are you, Arzu Abdullayeva? She answered: "I swear by Allah, I am not an Armenian spy..."

## GEORGIA

### Paper Views Problems Facing Shevardnadze

#### Opposition Pressure

934K0248A Moscow NEZAVISIMAYA GAZETA  
in Russian 2 Feb 93 p 3

[Article by G. Lolishvili, under the rubric "Georgia"; place and date not given: "Opposition Steps up Pressure on Shevardnadze: U.N. Mission Comes to the Republic"]

[Text] Last week in Tbilisi, a meeting was held of 32 political parties that favor maximum strictness in relations with Russia. In particular, they insist on declaring Russian troops on the territory of Georgia to be forces of occupation and demand their removal from Abkhazia and then from all of Georgia.

The oppositionists manifest no less firmness with respect to the third round of Russo-Georgian talks now being held in Tbilisi. Most of the parties' representatives came out against including several points in the Russo-Georgian accord, especially with regard to the rights and responsibilities of national minorities, since, according to oppositionists, this is Georgia's private affair, and allowing Russia to regulate this problem in any way means closing their eyes to interference in the republic's domestic affairs by another state. The oppositionists are not even happy with the title of the accord, "On Friendship and Cooperation." They feel the accord must be titled, in accordance with generally accepted international norms, "On Principles of Intergovernmental Relations." The leader of the Georgian National Front, Nodar Natadze, declared that several parliamentary factions are preparing to draft a resolution on the Russo-Georgian talks and present it at an upcoming sitting of parliament, possibly even on Tuesday.

As for Shevardnadze, the head of Georgia made a statement in which he did not exclude the possibility of holding a referendum in Georgia if pressure on the parliament from the opposition parties over Russo-Georgian relations is not curtailed. Shevardnadze called the oppositionists' arguments unconvincing and childish. The Georgian leader also mentioned several times that, with respect to Russia, he is guided only by considerations of benefit and is by no means proposing that his people adopt a global political orientation toward Russia. Nonetheless, Tsereteli, the leader of the Georgian Party of National Independence, declared that the national liberation struggle in Georgia is continuing.

Local observers believe that the political parties that make up the opposition are scarcely going to be able to count on the powerful support of the population.

With regard to the removal of Russian troops from Georgia, Shevardnadze believes that this too must be decided at the intergovernmental level, not by the local opposition. According to him, Russian President Yeltsin has already sent a letter which says that if Tbilisi insists, then Russia is prepared to remove its troops from Tbilisi in a shorter time. Nonetheless, the Georgian leader considers this somewhat premature.

In the next few days a U.N. mission will arrive in Georgia. The decision about this was taken by the U.N. Security Council, which examined the Georgian-Abkhazian issue at its regular session. Speaking on 1 February over republic radio, the head of Georgia stated that the goal of the U.N. mission's visit is to study the situation in Abkhazia for bringing in international peacekeeping forces. In this same radio interview, Shevardnadze stated that after his trip to Baku on 3 February, the foundation may be laid for a subsequent visit by representatives of the leadership of the three Caucasian republics in order to achieve a regional peace.

#### Meeting in Parliament

934K0248B Moscow NEZAVISIMAYA GAZETA  
in Russian 3 Feb 93 p 3

[Article by G. Lolishvili, under the rubric "Georgia"; place and date not given: "Shevardnadze Has More and More Problems, from Student Moods to Tension Over Russian Troops"]

[Text] The meeting held in parliament on 1 February between head of state Eduard Shevardnadze and other leaders and students demonstrated the definite influence on them of the recently formed opposition, the Council of Parties of the National Liberation Movement of Georgia. Not possessing as yet sufficient authority in society as a whole, given Shevardnadze's high ratings, as well as due to a certain distancing of the people from politics given their many social problems, the oppositionists, whose spiritual inspiration is the leader of the Georgian National Liberation Party, Irakliy Tsereteli, have taken their first gamble on those students distinguished by the ability to ask pointed questions.

The internal political distribution in the republic evidently has acquired once again such inalienable attributes of Georgian politics as a less than sensible opposition as well as a certain authoritarian behavior on the part of its leaders, which actually, according to many political experts, is justified right now. Naturally, this is a matter not of an authoritarian-nationalist regime like that of Zviad Gamsakhurdia but only of a recognition of the effectiveness of maximum influence exerted by the head of state on the executive and legislative structures for the purpose of avoiding multiple authority in an already tangled system.

It is the struggle between the opposition and the head of state's team that will determine the domestic political situation in Georgia in the near term. Apart from the "excessive Russian orientation" that sets people's teeth on edge, Shevardnadze's political opponents are accusing him of a definite passivity, which prevents him from counting on the real support of the West and presenting an anti-crisis economic program. In one interview, the leader of the Party of Georgian Nationalists, Akakiy Asatiani, stated that Shevardnadze has no program whatsoever at the present time.

On the backdrop of all this, Shevardnadze's latest effort to decrease the influence of Defense Minister Tengiz Kitovani has been left somewhat in the shade. On 1 February, at a sitting of the National Security and Defense Council of the RG [Republic of Georgia], the head of state criticized the structures of the Ministry of Defense, as well as the command of the troop formations and units, in connection with the poor results of the latest draft into the armed forces of Georgia. As of 1

February 1993, only 2.1 percent of the planned number of draftees had been called up and only 14 percent of the reservists. In the decree passed by the Council, this was termed a significant weakening of military capability and military readiness. Thus, very serious accusations have been made against the leadership of the Defense Ministry.

The increasingly frequent attacks on Russian troop objectives are increasing the tension around the Georgian Defense Ministry. In connection with this, on 1 February the press center of the group of Russian troops declared that given the current situation the command has decided to mine its military objectives. The statement places responsibility for the attack on the Russian troop objectives for the first time on "certain highly placed leaders in the Ministry of Defense of the Republic of Georgia who are trying to destabilize the situation in their own interests." And further: "We retain the right to take adequate measures."



## ESTONIA

### Sweden Halting Fuel Aid Until Thefts Solved

934K0204A Stockholm DAGENS NYHETER  
in Swedish 3 Feb 93 p 13

[Article by Mert Kubu: "Witch Hunt for Oil Thieves"]

[Text] Tallinn—At dawn on Tuesday [2 February] the Estonian police struck. One after another the oil executives were brought in for interrogation. Three companies are involved in the "oil theft," and the guilty have already begun to confess, reported Estonian Interior Minister Lagne Parek at the government's news conference in the afternoon.

At the same time the Swedish Foreign Ministry has decided to halt all aid to Estonia until the case of the assistance oil is solved.

"It is correct that all aid to Estonia has been stopped. They have to thoroughly investigate this story first; otherwise, they cannot get any more oil, at least" says Pelle Nyquist, information secretary to Foreign Aid Minister Alf Svensson (KDS [Christian Democratic Coalition]).

Energy Minister Arvo Niitenberg reveals that the Estonian Foreign Ministry has received a formal note from Sweden with demands for "a thorough investigation" of what has happened to a considerable portion of the Swedish assistance oil to Estonia.

A police group is therefore working under great pressure to get at the truth. The first arrests, which required the consent of prosecutors, were expected later that evening, the authorities reported.

But down in Tallinn's harbor, in the strange oil world, the opinions are exactly reversed. A completely normal oil transaction, nothing criminal in that, DAGENS NYHETER is assured.

#### Many Cooks

The ways the oil takes are inscrutable, particularly in Tallinn, that much is clear quite soon. Many have had a finger in the pie concerning the Swedish assistance oil and want to make money on the deal. We begin our search for the indicated brokerage firm of Infast. At its address in the telephone directory, an apartment on the ninth floor in the notorious Lasnamae area in the outskirts of Tallinn, a blonde opens the door and tells us that six months ago she bought the apartment from Infast. But we do not find any oil company at the new address.

Chaos reigns at the formal purchaser-recipient, Eesti Kutus (Estonian Fuel), of the assistance oil worth 20 million Swedish kronor. The managing director has gone home. In order to pass the time his secretary is playing poker on his color monitor. The deputy managing director was brought in for police questioning that morning.

At Scan Trans, a Swedish-Estonian company (Swedish Ural Scandinavia is part owner) which was to store and distribute the oil we are met by a frightened man, who before there is time to put any question at all cries:

#### Forewarned

"I know absolutely nothing, I am only the accountant. The management is at the police."

Ultimately, we find the Infast company, in a run-down storage building in the oil harbor. Four indignant men, who apparently have been forewarned about our arrival, are waiting in a room.

"We are completely innocent. Infast is only a simple shipping firm which helps oil companies fill in forms and such," assures the company's managing director, Aleksei Tjulets.

According to Tjulets, Scan Trans was commissioned by Eesti Kutus to receive the assistance oil. Infast was only to assist with the formalities. The message that two Swedish tankers were on their way to Tallinn had only been received a day in advance and at that time all of Scan Trans's tanks were filled with diesel oil from Azerbaijan. A meeting was held. Infast's chairman, who on Tuesday was also in conversation with the Estonian police, had participated in the meeting. Tjulets did not know what was said there.

A decision was made not to discharge the tanker Avior. Instead, it was filled up. The brokerage company Estimpex owned by the Estonian state then sold the assistance oil to Hamburg by way of a Swedish company.

What was the quality of the diesel oil in Scan Trans's tanks?

#### 'Good Oil'

Tjulets: "Good quality, as good as that of Statoil, well, not much poorer at least."

In the afternoon the Estonian Government held a news conference. Energy Minister Arvo Niitenberg said:

"It is completely clear that the documents have been falsified, that more than 4,000 tonnes of high-quality diesel oil was never unloaded and that the Avior continued on to Hamburg. It is clear that an agreement had been made about the oil theft."

Interior Minister Parek: "Three companies are involved: Scan Trans, Infast, and Eesti Kutus. The damage caused the Estonian state is the equivalent of 7 million Estonian kronor. Those involved have begun to confess."

### Swedish Firm Bought Own Government's 'Aid Oil'

934K0204B Stockholm DAGENS NYHETER  
in Swedish 3 Feb 93 p 13

[Article by Anita Sjoblom: "'I Made Nothing Extra From the Deal'"]

[Text] The Swedish company which bought the much-discussed oil cargo in Tallinn had no idea that it was Swedish assistance oil to Estonia.

"A trade was made between oil which was stored in the port and which I was to buy and the oil which was on board the Avior," says Lars Enochson.

He owns the family company En & Son AB, which does oil business with the former Soviet Union.

"We have a contract with the Estonian company Estimpex, which is owned by the Estonian state, to buy 100,000 tonnes of diesel oil," Lars Enochson relates. "The oil comes from New Baku refinery in railroad cars and is transshipped in the harbor at Tallinn. I buy the oil 'free on board,' which means that I buy when the oil is on board a ship.

"As for this oil cargo, I was notified by Estimpex that a ship had arrived, the Avior, which was not able to discharge its diesel because there was no capacity to receive it in the harbor. Estimpex then wondered whether I could buy that diesel instead of the one Estimpex had available for me in the harbor. My quality requirement was 'Normal Russian Gasoil' with 0.2 percent sulfur. Estimpex guaranteed that the Avior's cargo was of equivalent quality."

Lars Enochson got French Elf to buy it and let the Avior go to Hamburg where the oil was unloaded. He also knows, however, that Elf then sold it again.

"Perhaps to Statoil," he says with a wild guess.

"What I did not know was that the Avior's oil had a lower sulfur content than the quality I had demanded. Such diesel is sold for up to one dollar more per ton. But I did not know this and therefore did not get paid for the higher quality. I did not make anything extra from this deal and did not know that the Avior's cargo was assistance oil."

Lars Enochson believes that Estimpex is in possession of the truth about what happened to the diesel that was stored in Tallinn's harbor and which was to be distributed instead of the Avior's cargo.

Nils Wargarden is part owner of Scan Trans which owns the oil terminal in Tallinn. One million [tons of] oil are shipped annually from that terminal. Estonia functions as a transit country for oil which is being exported from the former Soviet Union.

"The state-owned oil company Eesti Kutus had not signed any agreement with Scan Trans that we should receive these oil cargoes from Sweden," he says. "That is why there was no room at the terminal to receive the Avior's cargo. On the other hand, the terminal received the Bellona's cargo. But we had nothing to do with the oil on board the Avior."

## REGIONAL AFFAIRS

### Pope's Plans for Baltics Take Shape

934K0217A Riga THE BALTIC OBSERVER  
in English 22-28 Jan 93 p 12

[Text] Preparations for the visit of Pope John Paul II to the Baltics next September picked up speed this month as financial planning, the appointment of organizers, and public projects are all being worked out quickly.

At a Vilnius press conference last week, Justo Mullor Garcia, Apostolic Nuncio to the Baltics, said that the forthcoming visit to the region will be an exceptional one for the pope.

"This trip is more significant to the Holy Father than any of recent memory," said Garcia, who took part in the preparation of two papal visits to Africa, during which ten countries were visited.

The peak event of the pope's visit to Lithuania will be a mass held at the Vingis Park in Vilnius. Mass rallies of up to 200,000 people gathered in this park in 1988-1989 at the beginning of Lithuania's independence movement.

In Latvia, Andrejs Krastins, the parliamentary deputy chairman, was chosen to lead the organizing commission for the pope's visit.

The financing of the visit is being included in Latvia's 1993 state budget.

After a meeting between Prime Minister Ivars Godmanis and Metropolitan Archbishop of Riga Janis Pujats, the newly formed commission was granted emergency powers to demand from all ministries any assistance for carrying out the necessary preparations.

Godmanis pledged to allocate 15 million Latvian rubles to finance the pope's planned visit to Aglona in eastern Latvia, where a famous basilica is located. A public works projects is being planned by the committee in order to create a eight kilometer wide strip around Aglona. The area would be closed for traffic during the pope's visit because an estimated half million people expected to arrive at the venue, including about 70,000 pilgrims from Poland.

In Estonia, officials are expecting the pope to make a very brief, two-hour visit. Following his departure from Riga, the pope will deliver a mass in Tallinn, which has only one Catholic church.

### Common European Home Awaits Baltics

943K0217B Riga THE BALTIC OBSERVER  
in English 29 Jan 93 pp 1, 11

[Article by Ilze Arklina]

[Text] Estonia and Latvia could be getting more European this year, according to the European Council's Committee for Non-Member European States. The path to full-fledged membership in the CE could come by the

end of the year to both Baltic nations, following in the footsteps of Lithuania's probable membership in May.

Last week the delegation of the CE committee visited Estonia and Latvia in response to invitations by their parliaments. The delegation met representatives of Estonia's and Latvia's governments and parliaments and also representatives of the minority groups in these countries.

"Only after Latvia has held parliamentary elections in June this year, which we will be observing and hopefully concluding that they are free—only then will we give our final consideration on Latvia's application to become a full member of the Council of Europe," said David Atkinson, chairman of the non-member states committee. "We could hope that as result we might invite Latvia to be a full member of the CE before the end of this year."

Estonia has already accomplished many of the tasks necessary for membership. Atkinson said the Estonian constitution is already up to the high standards set for new member states. Last fall's elections also give the CE a green light to Estonia, he said.

Atkinson did point out the need for Estonia to resolve its citizenship problem. But he emphasized that minority groups in the country should not expect to gain citizen status without fulfilling reasonable requirements.

The question of the withdrawal of former Soviet troops from foreign countries will be discussed during the forthcoming February CE parliamentary session in Strasbourg. This will occur in a parliamentary hearing in the Committee of Foreign Affairs.

"I would say that it is totally unacceptable for any foreign power to prolong the existence of its forces in a foreign, free and independent country," Atkinson concluded. "We would wish to see the removal of all Russian forces from the Baltics as soon as it is practically possible. I underlined the word 'practically' because I do think we should show some sympathy and understanding to the tremendous and chaotic situation which the Kremlin finds itself in during the present time. We have to understand that it is very fortunate to have democratic forces now in Russia. We should be careful of not doing too much to further destabilize this position. That is in the interests not only of Russia's democratic forces but also of the rest of Europe, not least of all Estonia and Latvia, whose own future would be less secure if Yeltsin were replaced by reactionary forces."

Russia has also appealed for full membership in the CE. The key condition would be the withdrawal of Russia's troops from the territory of foreign countries, according to the CE delegation.

Atkinson said that in his personal view, "human rights are being respected in Latvia to a far greater extent than many other countries in Europe today, and the situation can only become even better as time goes on."

Nevertheless, if Latvia wants to become a full member of CE, the CE convention of human rights must be implemented. This gives individuals expanded abilities for dealing with discrimination. If human rights have been abused and state courts and governments are ineffective, people could appeal to the European Court on Human Rights, which if it finds in favor of the plaintiff, obliges the government of the country involved to change its law.



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